Austria	Sch30	Iran	Rls210	Pakistan	Rs16
Bahrain	Din0.800	Israel	Shk4.00	Philippines	Pes40
Belgium	BFr60	Italy	L2200	Poland	Zl 9,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Esc165
Denmark	DKr13.00				
		Korea	Won 2000	Qatar	QR10.00
Egypt	E£3.50	Kuwait	Fils500	S.Arabia	SR8.00
Finland	FM8.50	Lebanon	L£1,000	Singapore	S$4.10
France	FFr7.50	Lux.	LFr60	Spain	Pta175
Germany	DM3.00	Malaysia	M$4.25	Sweden	SKr13
Greece	Dr260	Morocco	MDh10.00		
				Switz	SFr2.70
Hungary	Ft120	Neth	Fl 3.50	Thailand	Bt50
Iceland	IKr150	Nigeria	Naira12	Tunisia	Din0.800
India	Rs20	Norway	NKr13.00	Turkey	L3000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

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GERMANY
Country in a state of flux for 1991
Page 10

World News

Embattled Somali leader asks rebels for ceasefire

Embattled Somali president Mohamed Siad Barre called for an immediate ceasefire with rebels fighting to end his 21-year rule. Earlier, the rebels rejected peace talks. Page 4

Unions defy ban

A last-ditch effort to head off today's Turkish general strike appeared to have failed last night. Unions appear determined to challenge anti-strike laws. Page 2

Shevardnadze fears

Eduard Shevardnadze says he resigned as Soviet foreign minister because he feared a repeat of military crackdowns that killed hundreds in two Soviet cities in 1989 and 1990. Page 3

World Arts Guide

The International Edition of the Financial Times launches a revised arts guide today. From Monday to Thursday the guide offers a listing of events in music, opera and theatre in major cities of the world. A separate list of satellite television business programmes is provided. Friday's guide will be a preview of forthcoming events, with a listing of exhibitions. Page 9

Truce broken

Tamil rebels attacked two army camps in northern Sri Lanka, breaking their unilateral ceasefire.

Albania accused

Athens accused Albania of provoking a mass exodus of ethnic Greeks across the Greek border and said it hoped the thousands of refugees would return to Albania. Page 2

Mayor sworn in

Sharon Pratt Dixon, 46, became the first black woman to head a large US city when she was sworn in as mayor of Washington. She succeeds mayor Marion Barry, who faces jail for cocaine possession.

Boat people settle

A total of 504 Vietnamese refugees left Hong Kong to resettle overseas in December. Most went to Australia, Canada, Japan, the US and Britain.

Ryzhkov better

Soviet prime minister Nikolai Ryzhkov is making satisfactory progress after his heart attack eight days ago, a government spokesman said, denying rumours of a setback.

Israeli tourist slump

Israeli tourism minister Gideon Patt blamed "spoiled" foreign Jews for shunning Israel because of the Gulf crisis.

Without a will

The late Robert Holmes à Court left no will for his multi-million dollar business empire when he died of a heart attack last year.

Holiday road toll

Road accidents killed 64 people in Portugal over the new year holiday, its worst recorded statistics. Portugal has the highest road accident rate in the European Community.

Party ends in riot

Demonstrators set fire to a hotel in western Algeria and damaged cars in protest at a new year party which they judged anti-Islamic.

Passengers freeze

Thirty-six bus passengers were reported to have frozen to death on their way to Pakistan from the southern Afghan province of Helmand.

Bulgaria off the road

Bulgaria, where long queues, abandoned cars and dry petrol stations have become a daily sight, stopped petrol sales for two weeks. Only ambulances, buses and delivery vans are exempt.

Business Summary

Western chip companies gain greater market share

Western semiconductor companies last year gained market share from their Japanese competitors for the first time in over a decade, according to a new survey by Dataquest, a UK high-technology consultancy.

The report shows American companies increased their share of the international market for the first time since 1979. European companies' market share rose to 10.5 per cent last year compared with 9.6 per cent in 1989. Page 12

Markets: Frankfurt fell sharply, the DAX index losing 32.12 or 2.3 per cent to 1,366.10. In New York, the Dow Jones Industrial Average was up 2.73 at 2,636.39 at mid-session. World Stock Markets, Back Page Section II

CITIBANK, Chase Manhattan and Morgan Guaranty, US banks, cut their prime lending rate by half a percentage point to 9.5 per cent. Page 5

AT&T, American Telephone & Telegraph, has asked shareholders in NCR, the fifth biggest computer company, to call a special meeting to unseat the majority of the board as part of a proxy battle in its hostile takeover bid for NCR. Page 13

RHONE-Poulenc Rorer, pharmaceuticals group formed when the French state-owned chemicals group bought control of the US drug maker, has sold the rights to three of its drugs for FFr425m ($85m) to Forest Laboratories, a US pharmaceuticals group. Page 13

US Treasury bonds moved broadly higher with prices supported by hopes of a diplomatic solution to the Gulf crisis, cuts in the prime rate by a number of leading US banks and signs of continued economic weakness. Page 16

BOMBARDIER, Canadian aircraft and transport group, has suffered the first setback to its regional jet programme with the decision by Ansett Worldwide Aviation Equipment, Hong Kong, to drop its commitment to buy 20 aircraft worth about $300m. Page 16

DEUTSCHE Bank's east German operations have been folded into the Frankfurt-based parent, giving Germany's largest bank direct representation via a network of some 170 branches in the eastern Länder. Page 16

WHITE House economist Lawrence Lindsey has emerged as a leading contender to fill a vacancy on the Federal Reserve Board. Page 5

BANCO Hispano Americano, Spain's fifth ranked banking deposit terms, has a new president, Jose Maria Almusategui, the bank's deputy chairman and managing director. Page 16

ARGENTINA implemented two key reforms in its economic adjustment programme, deregulating the oil industry and cutting several thousand civil service jobs. Page 5

MAGNA International, Canada's biggest independent car component maker, has won extra time to negotiate a financial restructuring. Page 16

LASMO, UK oil company, has raised a 13-year £175m floating rate loan facility from Barclays Bank. The loan is secured on £180.5m of "Elf loan notes" which LASMO received when it sold its shares in Enterprise Oil to Elf Aquitaine, the French oil and chemicals group, in 1988. Page 16

ADSTEAM group chief executive John Spalvins resigned from the board of AWA, an Australian electronics group in which Adsteam holds a small stake, in an attempt to protect the broadcasting licence of Kerry Packer's Channel Nine television network. Page 14

Rhode Island officials seek solution to banking crisis

By Alan Friedman in New York

STATE officials in Rhode Island were last night working feverishly to patch together federal deposit insurance for 45 local banks which were shut down on New Year's Day by order of Mr Bruce Sundlun, the state's newly installed governor.

The unusual closure stems from a financial crisis in the small east coast state's leading private bank insurance fund and from the effects of the severe recession that has beset the state.

The shutdown is also a rare political move for a new governor, although there are precedents on a lesser scale dating back to 1985 in Ohio and Maryland.

The governor's decision means that some 300,000 account holders at 45 of the state's 83 banks are unable to withdraw funds. The 45 institutions, which include about 36 credit unions, or state-chartered locally owned co-operative banks, have a total of $1.7bn of deposits.

Federally insured commercial banks are not affected by the governor's order.

Mr William Seidman, chairman of the Federal Deposit Insurance Corporation (FDIC), the federal government bank insurance fund, said the FDIC would offer insurance only to those Rhode Island banks that meet federal standards for financial stability and warned that not all would qualify.

While some of the 45 banks will be allowed to reopen within days, others, including many of the credit unions, may need to be liquidated and depositors may not recover all of their money.

The immediate catalyst for the action was the failure on Monday of the Rhode Island Share and Deposit Indemnity Corporation (Risdic), the private insurer. By law, financial institutions in Rhode Island must have deposit insurance, and the closed banks will not be allowed to reopen until cover is provided by the FDIC.

Mr Seidman described the failure of the Rhode Island insurance fund as one of the largest in several decades.

Risdic's resources were drained by the costs associated with the seizure last November of Heritage Loan and Investment, a two-branch bank in Providence, Rhode Island. Mr Joseph Mollicone, the bank's president, has been charged with embezzlement in state and federal arrest warrants and has been missing since November 8.

The 71-year-old Mr Sundlun, a maverick millionaire Democrat businessman, ordered the closure just three hours after taking office on Tuesday, saying he was declaring "a bank emergency in Rhode Island." The new governor, who is fond of citing his Depression era childhood and his admiration for President Franklin Roosevelt, has denied that his bank closure order was politically motivated.

An official at the Federal Reserve in Boston, which has responsibility for Rhode Island, said consultations were underway with state officials yesterday to decide what to do about cheques drawn on the closed banks and not yet presented.

Having shut down the banks Mr Sundlun is now finding that Rhode Island's ability to mount a rescue is inhibited by the state's budget problems. Any state funds required for a partial bail-out would have to be found in spite of a $162m state budget deficit that must, by law, be eliminated before the state's fiscal year ends on June 30.

US administration expects mild economic recession

By Michael Prowse in Washington

PRESIDENT George Bush conceded yesterday that parts of the US were "clearly in a recession" as further evidence emerged that the US economy was slowing.

Mr Bush ruled out increased federal spending as a way of putting America back to work. "These short range government spending answers have historically proved counter-productive, and I will not embrace them," he said.

There was no need to attempt to accelerate recovery because the downturn was likely to be mild and relatively short-lived, he said.

Evidence of a slowdown which emerged yesterday included:

- A White House forecast that gross national product would contract at an annual rate of 3.4 per cent in the fourth quarter of 1990 and 1.3 per cent in the first quarter of this year.
- The sixth consecutive monthly decline in the index compiled from surveys of purchasing managers.
- A 0.6 per cent decline in construction spending in November.

Mr Bush's remarks, in a television interview broadcast last night, came as a leaked White House economic forecast showed gross national product contracting. The forecast showed no significant recovery until the third quarter of this year.

Further confirmation of the slowing economy was provided when the nation's purchasing managers announced the sixth consecutive monthly decline in their closely watched index of economic conditions.

George Bush: concerned recession is "hurting"

Michael Boskin: looking for "long-term" solutions

The purchasing managers' index fell to 40.4 per cent, the lowest level since the trough of the 1981-82 recession. The decline was sharper than financial markets had expected and led to an immediate rise in bond prices on expectations of future cuts in interest rates.

A fall of the purchasing managers' index below 50 per cent is generally taken to indicate a declining manufacturing sector; a level of below 44 per cent that the whole economy is contracting.

The gathering signs of recession were accompanied by the start of an industry-wide cut in bank interest rates. Citibank and Morgan Guaranty, two of America's largest banks, led yesterday's decline by announcing a half point cut in their prime lending rates to 9.5 per cent.

The move, which followed a similar announcement by BankAmerica on Tuesday and cuts by a clutch of small regional banks before Christmas, was a belated response to monetary easing by the Federal Reserve, the US central bank, in December.

Mr Marlin Fitzwater, the White House spokesman, said the lower interest rate should be helpful in softening the impact of the economic slowdown.

Mr Bush said he saw "no evidence of a deep recession" and claimed that some pockets of the economy were "extraordinarily strong".

However, he said he was concerned because some people were "hurting".

Mr Michael Boskin, the president's chief economic adviser, said that the fiscal 1992 budget, which is currently being prepared, was likely to contain various measures to spur growth.

But they would be measures that would be "good for the long term, not just short run palliatives". Many Republicans are urging Mr Bush to reintroduce plans to cut the rate of capital gains tax as a means of enhancing growth.

Mr Boskin also said the White House would make sure that bank examiners did not over-react to the savings and loan crisis and discourage bankers from making safe loans needed to keep industry expanding.

The leaked White House forecast, which is intended to provide preliminary guidance for departments and agencies preparing fiscal 1992 budgets, is broadly in line with recent private sector forecasts.

It includes a steep drop in GNP in the fourth quarter of last year and projects a peak rate of unemployment of nearly 7 per cent this summer. A recovery does not get properly under way until the third and fourth quarters.

However, the White House has a reputation for making optimistic forecasts and is thus likely to be underestimating the scale of any downturn.

Private forecasters have recently begun revising down their forecasts because most recent indicators have been significantly weaker than expected.

Among these were the composite index of leading indicators registered its fifth successive decline in November, falling 1.2 per cent; durable goods orders fell 10.5 per cent in November; industrial production by 1.7 per cent and non-farm employment by 267,000.

US economy, Page 5; UK forecasts, Page 12

High energy cost will force up Soviet food bills

By Quentin Peel in Moscow

DRASTIC retail price rises for food and consumer goods will be introduced in the Soviet Union in the next six months.

The rises follow huge increases in the energy, raw materials and engineering equipment bills facing all Soviet enterprises.

The announcement yesterday was tempered with the promise that the government measures would include automatic compensation for the price rises in pensions, wages and allowances.

Details of the central government's plans for controlled price reform were spelt out by Mr Anatoly Komin, the deputy chairman of Goskomtsen, the State Committee for Prices.

He was speaking after the publication of an interview in Pravda, the Communist party newspaper, serving notice of the future retail price rises.

The news, however, seems certain to spark a new round of panic buying for any commodities still left in Soviet shops.

Although Mr Komin promised that there would be no retail price rises in January (except for the cost of bottles for vodka, wine and soft drinks), he said "radical measures aimed at reforming retail prices" were essential in the first six months of 1991.

He gave no examples of likely food price rises, but quoted instead increases of between 50 and 70 per cent for cars, radios and television sets, refrigerators and washing machines.

Mr Komin said the steep wholesale price rises introduced on January 1 included a 100 per cent rise in oil prices, 50 per cent increase in metal prices, 100 per cent for timber and timber products and a 40 per cent increase for all engineering equipment.

From Jan 1, the oil price for enterprises had gone up from Rbs30 to Rbs70 per tonne, and the gas price from Rbs26 to Rbs52 per thousand cubic metres from the first day of the year.

Producers cannot automatically pass on the increases as retail price rises. As a result, until retail price rises are permitted, the wholesale prices will force the government to pay huge subsidies to producers.

But Mr Komin warned yesterday that it was impossible to maintain the current level of subsidies, which cost Rbs90bn in 1990, and would cost up to Rbs150bn in 1991.

Mr Komin's statement confirms that the central government, with the apparent blessing of President Mikhail Gorbachev, is pressing ahead with its original proposals for administered price rises.

The alternative radical strategy, which was proposed by the Shatalin Plan for a 500-day transition to a market economy, called for drastic curbs in credit and money supply, combined with outright price liberalisation.

Under the government strategy, only the prices of luxury goods have been liberalised. That measure was announced on November 15, although several Soviet republics have refused to implement it.

Continued on Page 12
Shevardnadze fears army crackdown, Page 3

Poos holds out Middle East talks as incentive to Baghdad

By Lionel Barber in Washington and Ian Davidson in Paris

MR Jacques Poos, the Luxembourg foreign minister, yesterday held out the possibility of a wide-ranging agenda of Middle East negotiations as an incentive for an Iraqi withdrawal from Kuwait.

Mr Poos, who will preside over the European Community's eleventh-hour Gulf initiative in Luxembourg tomorrow, said such a move would be designed "to explain to [Iraqi President] Saddam Hussein what we see as a postwar scenario, with the evacuation of Kuwait as a pre-condition".

It is now clear that some western countries are trying to tempt Iraq into a withdrawal by holding out the possibility of broader Middle East peace talks after an Iraqi pull-out. This would not give Iraq a tangible reward for the invasion but it would allow Mr Saddam Hussein to say he had made a contribution to the Palestinian cause.

The US, meanwhile, left open the possibility of high-level talks with Iraq aimed at averting a war but insisted that it was up to Mr Saddam to make the first move toward a compromise on dates.

In a further sign that US president George Bush wants to keep diplomatic options open, the White House said Mr James Baker, US secretary of state, may visit the Middle East next week to consult with Gulf allies.

Mr Baker's mission would probably take place shortly before the January 15 deadline set by the United Nations for Iraq to withdraw from Kuwait.

US officials played down the idea that Mr Baker may be carrying a fresh initiative, but the White House was careful not to rule out a possible meeting with Mr Saddam.

Some European allies as well as leading members of Congress have voiced unease about the failure to break the stalemate over dates for high-level talks between Washington and Baghdad first proposed by Mr Bush a month ago.

The Iraqis put forward January 12 but the US regards this as too close to the UN deadline and wants a date no later than today.

Mr Marlin Fitzwater, White House press secretary, said it was up to Mr Saddam to "make any move for peace". Asked if Mr Bush would sanction a meeting after January 3, he replied: "We'll wait to hear from them.

Mr Mohammed Mashat, Iraq's ambassador to the US, has returned to Washington after consultations in Baghdad. He is expected to resume contact with the State Department shortly.

However, another means of arranging the talks could come through tomorrow's EC meeting in Luxembourg. Mr Hans-Dietrich Genscher, the German foreign minister who called for the meeting, said yesterday that there were "good grounds" to say that a US-Iraqi meeting would proceed.

Mr Poos held out the possibility of a wide-ranging agenda of Middle East talks as an incentive for an Iraqi withdrawal from Kuwait. "In one or several conferences", he said,

Continued on Page 12
Other Gulf News, Page 4

CONTENTS

Delors shines amid a bunch of managers rather than thinkers

Without the charisma of Jacques Delors, the EC president, the glory achieved by the 16 members of the Brussels executive would probably have lapsed into a picture of grey officialdom.
Page 3

MARKETS

STERLING
New York lunchtime:
$1.941
London:
$1.9425 (1.93)
DM2.895 (2.885)
FFr9.8525 (9.82)
SFr2.4525 (2.46)
Y261.25 (261.75)
£ index 93.8 (93.7)

GOLD
New York: Comex Feb
$391.1
London:
$392.25 (391.5)

N SEA OIL (Argus)
Brent Feb
$26.50 (27.80)

Chief price changes yesterday: Page 13

DOLLAR
New York lunchtime:
DM1.4915
FFr5.0775
SFr1.265
Y134.65
London:
DM1.49 (1.495)
FFr5.0725 (5.0875)
SFr1.262 (1.275)
Y134.5 (135.65)
$ index
Tokyo: closed

US LUNCHTIME RATES
Fed Funds $7\frac{5}{8}$%
3-mo Treasury Bills: yield: 6.65%
Long Bond:
$106\frac{7}{16}$
yield 8.15%

STOCK INDICES
FT-SE 100:
2,128.3 (-15.2)
FT Ordinary:
1,655.7 (-18.0)
FT-A All-Share:
1,025.13 (-0.7%)
New York lunchtime:
DJ Ind. Av
2,634.41 (+0.75)
S&P Comp
329.81 (-0.41)
Tokyo: closed

LONDON MONEY
3-month interbank:
closing $14\frac{1}{16}$% ($14\frac{1}{32}$)
Liffe long gilt future:
Mar $88\frac{7}{16}$ ($88\frac{1}{32}$)

Turkish unions to defy ban on general strike

By John Murray Brown in Ankara

A LAST-DITCH effort to head off today's Turkish general strike appeared to have failed last night despite a flurry of separate meetings involving the Motherland party government, union leaders and the military high command.

For the first time since the army coup of 1980, unions looked set to challenge the country's restrictive labour laws, in defiance of an Ankara court injunction served on Monday on Turk-Is, the main union federation, which said the threatened strike action was politically motivated and in violation of the 1982 constitution.

Already 50,000 miners on the Black Sea are on strike, together with 100,000 workers from the car and steel sectors. Workers in the textile industry, Turkey's largest export earner in 1990, are set to join. Paper workers are also preparing to strike. In addition professional groups like lawyers and doctors are backing the union action.

In the wake of today's threatened one-day action, the authorities are bracing themselves for further labour unrest. The Ankara city governor has warned that all legal means will be used to prevent a march by striking coal miners planned for tomorrow. Adding to the tension, a minister has called on employers to report to the public prosecutor's office the names of all those who stay away from work today.

Meanwhile, opposition parties – the conservative True Path Party and the Social Democratic Populists – have voiced support for the unions and are to hold a mass rally over the weekend.

Union discontent covers a range of issues from the 60 per cent inflation rate to fears about Turkey's role in any war in the Gulf. The problems are coming home to roost after a decade of restrictive labour legislation and pay restraint, a major factor in the competitiveness of Turkey's exports.

Unions are demanding better working conditions and wage increases of up to 500 per cent. Coal unions have rejected the government's TL250bn (£45m) package which would give the coalminers increases of around 100 per cent. According to figures in a council of ministers' report, the state coal company is expected to lose TL838bn in 1990, the most of any public enterprise.

Both opposition parties have condemned the tactics of the government and are now threatening to withdraw from parliament to force early elections.

The opposition is exploiting the situation, aware that President Turgut Ozal's political

President Ozal: authority badly damaged

authority has been badly damaged by last month's surprise resignation of General Necip Torumtay, Turkey's chief of general staff. In Turkey the army is still a major force. But all parties will remember that it was the labour chaos that in part prompted the army to intervene in the 1980 coup d'etat.

Yesterday the government seemed divided over strategy with Mrs Imren Aykut, the labour minister, reportedly urging the cabinet to adopt a more conciliatory line.

Balance of political power shifts to Walesa

By Christopher Bobinski in Warsaw

POLITICAL power in Poland is shifting to the president's office at the expense of the government and parliament, following election of Mr Lech Walesa to his country's most prestigious post.

Over the past few days, Mr Walesa has played a key role in the formation of a new government, to be headed by Mr Jan Krzysztof Bielecki, whose nomination as prime minister will be approved by parliament tomorrow.

Yesterday, Mr Walesa appealed to parliament not to indulge in "political polemics" when approving the new cabinet. Mr Bielecki is expected to present his government to parliament which will then vet the candidates.

Mr Walesa said the government "should not become an arena of political strife, but be allowed to work in conditions enabling it calmly to build the new economic order".

Gazeta Wyborcza, a Warsaw daily, yesterday quoted Mr Leszek Balcerowicz, finance minister, as saying he had agreed to stay on in Mr Bielecki's cabinet in his present job as deputy premier responsible for the economy.

Mr Andrzej Drzycimski, Mr Walesa's spokesman, said: "We can clearly say that the political centre has shifted to the Belweder (the president's Warsaw residence)".

He was commenting on a series of meetings Mr Walesa is holding with political leaders, aimed at forming a presidential advisory body.

If all the leaders of Poland's larger parties and small movements agree to join this council, Mr Walesa would have a powerful political organ at his side.

Mr Drzycimski said the council would "in a sense" replace parliament until free parliamentary elections can be held.

It would "deal with issues arising before the elections until a new political system has emerged".

Mr Walesa has yet to clarify when he wants to call elections in the late spring or towards the end of 1991.

A press falling prey to political conflicts

Patrick Blum on how Portuguese newspapers are competing for dwindling revenue

PORTUGAL'S daily and weekly press remains in crisis, with too many publications chasing too few readers, and the closure of two more newspapers.

More closures and regroupments are likely as Portugal's media prepares for the the advent of private television which will further sharpen competition for advertising revenue.

Of the two closures last year, that of the Diario de Lisboa, one of the capital's three evening newspapers, caused the greatest upset, though its demise had been expected. Launched in 1921, the Diario de Lisboa had a long and respected history that spanned over the long years of the Salazar dictatorship of which it became one of the most articulate critics.

As domestic politics turned sharply left in the wake of the 1974 revolution, the newspaper fell prey to bitter ideological conflicts from which it never recovered, causing it to lose credibility and readers. Sales dwindled
to about 10,000 as did advertising revenue and several attempts to find new finance failed after prospective backers pulled out after judging the risks too great.

The second closure was of Tempo, a weekly launched in 1974 to proclaim a staunchly anti-communist message. Unable to adjust to changing times, and with a circulation down to about 3,000 copies, it disappeared due to lack of interest. Since 1974-75, when newspapers were a battlefield for rival political groups, politics have tended to play a disproportionately high role in the life of Portuguese newspapers.

After the nationalisation of a large chunk of the press in 1975, the state-owned newspapers survived though state and political patronage. Long-established titles such as O Seculo went under. There were exceptions. Expresso, a respected quality weekly newspaper launched in January 1973, survived the political upheavals of 1975. Today it is the leading national newspaper with a weekly circulation of about 130,000 and edging upwards.

Mr Francisco Pinto Balsemao, Expresso's editor and majority shareholder, says the paper's circulation compares well with established weekly newspapers in Britain, taking into account the size of Portugal's market and population of 10m.

If politics were primarily responsible for many newspapers' failure in the 1970s, poor planning and bad management exacerbated the crisis in the 1980s. Rapid economic expansion in the second half of the decade, encouraged the appearance of more new titles as corporate groups moved into publishing.

Despite the newcomers and the growing success of weekly magazines covering everything from fashion to sports and hobbies, by the end of the 1980s, newspaper sales were still below levels attained before the revolution, when several publications including the Diario de Noticias and the Diario Popular in the evening, could each boast a circulation of over 100,000.

The Diario de Noticias, to be privatised next year, now claims an average circulation of around 60,000, while the Diario Popular barely keeps its head above water with around 10,000. The crisis became more acute in the past three years and hit the daily newspapers hardest. Even the country's most successful daily newspaper, the Correio da Manha, a populist tabloid, has seen its average circulation drop from an average of 68,000 copies in the January-April 1989 period to 64,500 in first six months of this year.

Mr Mario Bettencourt Resendes, deputy editor of the Diario de Noticias, says the Portuguese press faces the same problems as the press the world over, but with additional problems specific to Portugal.

Politics and misplaced corporate ambitions were important factors, he says, but the market was never fully developed and readership remains low compared to other European countries.

About 60 people out of 1,000 buy daily newspapers in Portugal, compared with 400 in Sweden. Newspaper sales are concentrated mostly in more populous parts of the coastal area between Oporto in the north and Lisbon, and in the Algarve. "There are no national newspapers and only a very weak regional press," he said.

Publico, a slick quality daily launched last March, was aimed at establishing a truly national newspaper with simultaneous printing in Lisbon and Oporto. Its circulation, currently at around 40,000, is still weighed heavily in the south, despite the paper's strong links with northern business.

In advertising, the Diario de Noticias has been the most successful among dailies, with corporate advertising revenue of Esc1.1bn ($8.2m) in the first seven months of this year.

In its first five months Publico earned Esc510,000, but the paper is weak on the lucrative personal advertising side. Of the weekly newspapers, Expresso leads the way and is expected to earn about Esc5bn this year.

Expenditure on advertising has grown strongly since 1988, and is expected to reach about Esc50bn this year. About 45 per cent of that total has gone to the two state-owned television channels, the recently renamed Canal 1 and RTP 2. Television's relative share of advertising has declined from 58 per cent in 1986, though this may indicate an adjustment due to more accurate viewing figures than before.

The written press's share was almost 37 per cent (up from 28 per cent in 1986), radio's under 8 per cent (down from 14 per cent in 1986), the rest was for outdoor advertising.

Competition is likely to become much fiercer, and the advent of private television within the next two years will increase pressure.

Mr Resendes foresees more newspaper closures and worries about the consequences of growing press ownership concentration. "There is something dangerous about press (ownership) concentration in Portugal because of the weakness of social structures. We need safety valves to prevent conflict," he said.

Albania denies provoking exodus to Greece

ALBANIA rejected charges from neighbouring Greece yesterday that it was creating a mass exodus of ethnic Greeks to help the ruling Communists win the country's first multi-party elections next month, Reuter reports from Vienna.

About 5,000 Albanians, most of them ethnic Greeks, have braved heavy snow to cross the once heavily-guarded border with Greece in recent weeks. About 3,000 were estimated to have flooded into Greece in a single night on December 31.

The official Albanian news agency ATA said the Communist government decided at an extraordinary meeting on Tuesday night to set up a special committee to examine the exodus, the second from the Communist state in six months.

"The meeting underlined that the People's Socialist Republic of Albania has not incited and does not incite the departure of its citizens from their country, as claimed by certain circles," the agency said.

Greece alleged the Albanian authorities had spread rumours that the border would close and intensified police harassment of ethnic Greeks to encourage them to flee so that they would play no role in the February 10 parliamentary elections.

"This is a crude trick by Tirana aimed at evacuating northern Epirus (southern Albania) of its indigenous element which has been there for thousands of years," Greek government spokesman Byron Polydoras said in Athens.

Many refugees have said they have no faith in pledges by President Ramiz Alia to introduce democratic reforms that would bring the country, Europe's poorest and for decades its most repressed, into line with the rest of Europe.

Mr Alia last month decided to allow opposition parties fcr the first time in 46 years of Communist rule but has rejected a demand by the fledgling opposition Democratic Party to delay the elections until May to give it time to organise.

Mr Arben Imami, one of the new party's founders, said the Democratic Party believed the exodus would reduce its election chances but had no evidence that it was engineered.

"We are against this exodus. These are people who would vote for us. We are against abandoning the country," Mr Imami said.

He said the party would hold rallies today on Thursday in Shkoder and Durres, two of four Albanian towns where the army last month put down anti-communist riots for postponing the elections.

The latest exodus has already equalled in scale a mass flight last July, when thousands of Albanians left for the west after seeking refuge in Tirana's foreign embassies.

Many of those arriving in Greece said they had walked for nine to 15 hours.

Greece has become increasingly alarmed by the exodus. Prime Minister Constantine Mitsotakis is due to make the first visit to Tirana by a Greek premier on January 13 and 14.

Officials said Mr Mitsotakis would stress to Mr Alia the need to press on quickly with political reforms and would appeal to the Greek community to stay at home.

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Delors shines amid a bunch of managers rather than thinkers

Lucy Kellaway in Brussels gives her verdict on the EC commissioners

FOR a bunch of failed politicians – as the former British minister Mr Nicholas Ridley would have it – the 17 EC Commissioners seem to have finished the first half of their four-year term heaped in glory.

The Brussels executive has never been so powerful: the single market is rolling along nicely, and the big future, defined by the little words Emu and Epu, is happening with unbelievable speed.

Yet the commissioners' half-term report casts a different light on matters. The reason for the commission's increasing power is to be found as much in Bonn as in Brussels; and the forces from within the Berlaymont come from the office of the president himself. The other 16 commissioners have emerged after two years as a disappointingly grey lot, with little of the spark or grit of predecessors such as Lord Cockfield or Peter Sutherland.

For the most part pleasant and diligent, they are a group of managers rather than thinkers. They have kept a surprisingly low profile given their power – the man on the Clapham Omnibus may have heard of Mr Jacques Delors (thanks to the Sun), but of Mr Peter Schmidhuber or Mr Jean Dondelinger ignorance remains total.

Without a doubt, **Mr Jacques Delors**, the president, must be awarded almost all the half term prizes: for charisma, for initiative, for vision, and for giving a push to economic and monetary union. However a black mark goes to his increasing disregard for commission colleagues: on two recent occasions he has put out commission papers without even showing them to the other 16.

Next in terms of stature comes **Sir Leon Brittan**, who is not frightened to take on the president when the latter has spoken out of turn. A talented self-publicist, he has delivered 101 speeches from prepared texts in the last year alone. Respected rather than liked, he has done a demanding job well: the mergers policy is up and running, the squeeze has been tightened on free spending governments, and a few cartels have been busted.

Mr Carlo Ripa di Meana, the Italian socialist charged with the environment, deserves a prize for colour. Turning up to a council meeting in brilliant green rimmed spectacles, he is one of the few commissioners with the political oomph to get difficult subjects – like a carbon tax – onto the agenda. He is not a man for detail, and not one to be easily silenced. "He never talks for less than seven minutes in commission, and its more likely to be 27", was the view of an insider.

A success of a kind has been the agriculture commissioner, **Mr Raymond MacSharry**. No great intellect, and with a threatening physique evident beneath his Italian suits, he has staunchly defended the interests of farmers. He has kept his political options open in Ireland, and unlike most of his colleagues can look forward to a nice job when he goes home.

The commission has had its share of disappointments. One such is the Brussels veteran, **Mr Frans Andriessen**, who has formerly presided over competition and agriculture, and is now in charge of the EC's foreign relations. Mr Andriessen has so much to do – with Gatt, talks with the European Free Trade Association, eastern Europe – that he seems never to know which issue to concentrate on. He is a lonely figure in the commission, too territorial to have made many friends. Both he and Mr MacSharry earn large black marks for their handling of the Gatt talks, and for their childish stand-off over who was in charge.

Mr Martin Bangemann and **Mr Filippo Maria Pandolfi** have also failed to live up to their reputations. "Big Bangers", as he is affectionately known in British circles, left a post as economics minister in Bonn to come to Brussels, and was once seen as a future commission president. In charge of industry and the single market, this friendly man has tried to steer a middle course between the liberals (Brittan, Andriessen, Christophersen, and Scrivener) and the socialists (Marin, Papandreou, Van Miert, and Ripa), but has got lost in the crossfire. "Even his cabinet do not know what his position is on most issues", comments one.

Mr Pandolfi, who has a glittering past both in domestic politics and with the International Monetary Fund, has operated in Brussels as though he was still in Italy; refusing initially to have a cabinet at all, and then running his departments as private fiefdoms. He cannot be blamed personally for the decay of Europe's information technology industry – for which he is commissioner – but neither has he done much to stop the rot.

The two women in the commission have landed particularly thankless jobs. **Ms Christiane Scrivener** – a cross between Nancy Reagan and Margaret Thatcher in appearance – has been handed the near impossible task of taxation. A little bit of progress has been made on VAT, excise duties and corporate tax thanks to her pragmatic approach; if she has sometimes been flawed by finer details, her capable staff have usually been able to help.

Poor **Ms Vasso Papandreou** has had even less success with social policy. This Greek socialist with her sulky manner and mass of black curls, has not presented the case well, and has spent the last two years putting forward ambitious proposals only to water them down. Much of that is not her fault: the best presentation in the world was never going to convince Margaret Thatcher to sign the social charter.

Then there are the commissioners with such self effacing personalities that it is difficult to get a reading on them at all. By all accounts, the gentle **Mr Bruce Millan** has been handling regional policy efficiently, sorting out problems for himself, rather than giving them a public airing. Reports on the Bavarian conservative **Mr Peter Schmidhuber** are more doubtful. Those few who have encountered him are short on praise for the way he has handled the commission budget, which they say has been poorly organised.

By contrast, **Mr Karel van Miert**, the young Belgian transport commissioner is more than willing to speak up, although it is not always in EC interests when he does. Unlike some, he is not frightened of Sir Leon – and gets furious when Belgian companies are at the wrong end of competition decisions. He has, however, given a push to his difficult transport dossier, which until a year ago was stationary.

The two Spanish commissioners appear each to have done a workmanlike job in unfashionable areas: both have responsibilities for the Third World which has increasingly been left out of the EC picture. **Mr Abel Matutes** has created a new policy for the southern Mediterranean while dashing **Mr Manuel Marin** (known by Mr Delors as "El Cid") squeezed as much money out of member states for the Lomé countries as he could. The commissioners from the small countries have been given such dreary jobs, that even the most charismatic occupants would have had trouble in making a mark. Still, charisma is not something associated with **Mr Jean Dondelinger**, the Luxembourger charged with the media. **Mr Antonio Cardoso E Cunha** of Portugal loves to talk, and has slightly more spark. Yet in his ragbag of tourism, energy, personnel and small businesses nothing has been set alight.

Mr Hennig Christophersen's responsibility for economics and finance sounds anything but dull, but he has had all the excitement of monetary union poached by Mr Delors himself. Still this pleasant Dane shows no resentment and can spin as cogent an argument as any, in his quiet way.

French cabinet to meet on wave of killings in Corsica

By William Dawkins in Paris

FRENCH President François Mitterrand will hold an emergency cabinet meeting today to discuss the worsening violence in Corsica, France's poorest and most troubled region.

This comes in response to the shooting on New Year's Eve of Mr Paul Mariani, Socialist mayor of a village in the north of the island, the third in a series of apparently unrelated murders of political figures in as many months.

While there is no clear evidence the killings are politically motivated, they are a setback to the Paris government's latest attempt to resolve the island's economic and political problems. Paris proposed last autumn to take tighter control over Corsica's economic planning, offer it more autonomy in other areas and recognise for the first time the existence of a Corsican people.

Although nobody has claimed responsibility for any of the three assassinations, police fear they might indicate a breakdown of the two-year-old ceasefire by the FLNC, the largest and most extreme Corsican separatist group.

The other two victims were Mr Lucien Tirroloni, president of the regional farm council, and Mr Charles Grossetti, mayor of a village in southern Corsica. Mr Grossetti was a member of the centre-right UDF party, which in coalition with the right-wing RPR holds a one-seat majority in the island's regional government.

The violence highlights how Corsica, once the most ambitious French attempt at decentralisation, is among the handful of issues where Paris is showing impatience at the outcome of its efforts five years ago to devolve power to the regions.

The latest Corsican plan, which two months ago passed its first reading in the national parliament, would allow Paris to vet the regional government's economic development plans for the first time in eight years. Corsica would at the same time have more power over education, training, transport and tourism.

The Paris government increased central influence in another controversial area just before Christmas by appointing Mr Michel Delebarre as Minister for Cities, in response to urban riots last year. He has been asked to transfer local government cash from richer to poorer areas and will set urban policy, an area handled by local government with the help of a recently launched central task force.

The Corsican plan, drawn up by Mr Pierre Joxe, the Interior Minister, has aroused opposition among islanders loyal to France by threatening their national identity, while angering separatists by offering what they see as inadequate autonomy. Opinion polls show that three quarters of the electorate support the scheme, so the violence clearly comes from a tough minority.

Shevardnadze fears army crackdown

MR Eduard Shevardnadze says he resigned as Soviet foreign minister because he feared a repeat of military crackdowns that killed hundreds in two Soviet cities in 1989 and 1990, AP reports from Moscow.

In an interview with Moscow News, he said Soviet foreign policy would suffer if a dictatorship were imposed. Other nations would not want to pursue relations with a country that brought in a dictatorship to curb domestic conflicts.

Mr Shevardnadze's remarks, released yesterday in advance of publication, were his first public statement since he stunned the Soviet Congress and President Mikhail Gorbachev by announcing his resignation on on December 20.

He warned against a repeat of violence that occurred in the Georgian capital of Tblisi in 1989 and in Baku last year.

Soviet troops were sent to put down a pro-independence demonstration in Tblisi and 19 demonstrators were killed. In Baku, Soviet troops moved in after a wave of anti-Armenian attacks.

Unity on a plate

Residents of the former East German city of Potsdam queuing to get their new all German car registration plates. From yesterday all newly registered vehicles had to be equipped with plates conforming to the West German standard, the first letter indicating the name of the town of registration.

E. German companies attempt DM swindle

By Leslie Colitt in Berlin

MANY East German companies have been working feverishly to make a fast Deutsche Mark by claiming fictitious deliveries of goods to Comecon countries for non-convertible Transferable Roubles which Bonn had agreed to reimburse in DMs until last Tuesday

The attempted swindle was part of nearly DM1bn ($1.49bn) in fraudulent deals connected with German unification which are under investigation by the Public Prosecutor's Office in Berlin.

The German government agreed to pay for deliveries of goods from what was formerly east German to Comecon in DM to prevent a collapse of production in former East Germany.

The West Berlin Justice Department said yesterday that last month east German trucks of canned goods - ostensibly sold to Poland - were directed to Hamburg where the wares landed in cold-storage.

A German customs' unit discovered the fraud before the company could claim payment. But judicial inquiries are being conducted into 17 other cases where east German companies collected nearly DM700m from Deutsche Aussenhandelsbank, the Foreign Trade Bank in east Berlin, for goods contracted for, but never delivered to, customers in the east.

Ms Margarete Bräutigam, the senior public prosecutor, noted that similar fictional deliveries to Comecon countries of east German-made cars, computers and furniture took place in "incredible amounts" up to the cut-off date last Monday.

Although the practice of turning Transferable Roubles into DM was revealed early last summer, German customs officers were unable to cope with the volume of fraudulent shipping papers.

The Berlin justice officials have also launched inquiries into manipulations of more than DM200m in funds by east German political parties.

Iraq unable to complete pullout by UN deadline

By David White, Defence Correspondent

IRAQ no longer has time to make an orderly withdrawal of its armed forces from Kuwait before the United Nations deadline of January 15, according to defence experts.

A tactical pullout would take the Iraqi army at least two weeks, they said.

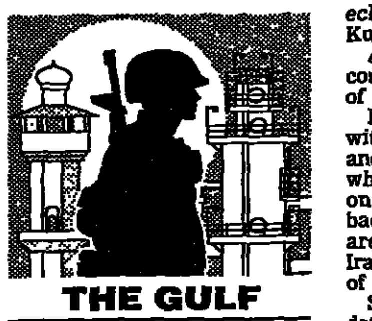
Emergency withdrawal would be feasible in one week, but this would mean leaving behind ammunition and other stores in Kuwait.

Under UN Security Council Resolution 678, the US and its allies are authorised to "use all necessary means" if Iraq has not completed an unconditional withdrawal on or before January 15.

It now seems the best Washington can hope for is that a withdrawal would be partially completed by that date.

Iraq is reckoned by military analysts to have some 290,000 troops in Kuwait, with around 2,000 battle tanks, 1,600 armoured personnel carriers and 1,600 artillery pieces.

These forces are estimated to be backed up by a further 240,000 in bordering regions of southern Iraq, making a total of between 33 and 35 divisions



in the area, with about 70 per cent of the country's strength in tanks and heavy guns.

Official US Department of Defence estimates put the figure slightly lower at a total of 510,000 in and around Kuwait.

The first echelon of Iraqi forces, nearest Kuwait's southern border, consists mainly of infantry dug into defensive positions with only small numbers of tanks and armoured vehicles, and therefore very limited mobility.

These forces, deployed behind an obstacle belt of sand barriers, ditches and minefields, are backed up by a second-echelon line and a third echelon to the north-west of Kuwait City.

Additional troops have been concentrated in the south-east of Kuwait since November.

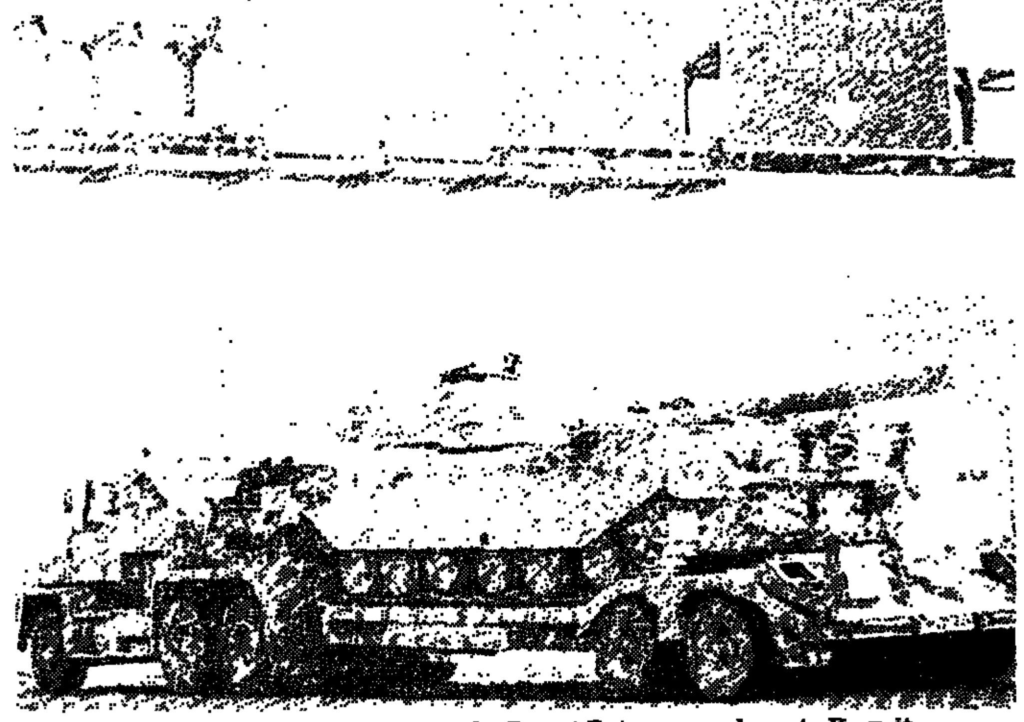
Iraq's Republican Guard, with the country's best troops and most modern equipment, which carried out the invasion on August 2, is mostly now back in Iraq, grouped in an area straddling the northern Iraq-Kuwait border southwest of Basra.

Smaller Iraqi forces are also defending the disputed Kuwaiti islands of Bubiyan and Warbah.

A flotilla of 13 ships with 7,500 US marines left the Philippines yesterday on its way to the Gulf, where the US is due have in place by January 15 the biggest amphibious assault force assembled since the Korean War.

The seaborne troops, en route from San Diego, are due to join the 4th Marine Expeditionary Brigade in the Gulf off north-eastern Saudi Arabia.

US military officials said American forces in the Gulf now totalled more than 325,000, including ground forces of 250,000.



A British Challenger tank belonging to the Desert Rats moves closer to Kuwait

Baghdad hopes EC will provide some diplomatic leeway

Saddam braced to keep troops inside Kuwait

By Lamis Andoni, recently in Baghdad

IRAQ is bracing itself to resist the United Nations deadline of January 15 and continue its occupation of Kuwait. But officials in Baghdad hope that tomorrow's meeting of European foreign ministers may help provide a diplomatic opening with the US.

The Iraqi government believes that if Iraq hangs on past the deadline, European and other countries will press the US into opening talks.

Even without signals from European countries that they would step up efforts to ensure the US-Iraq talks took place, Baghdad would not withdraw. Baghdad officials say Iraq would view any pull-out before the deadline as amounting to capitulation to the US.

One official, close to the government, said: "If we accept a partial withdrawal before January 15, then the US will avoid negotiations and will only push for further concessions".

Nevertheless, Iraq does appear more willing to compromise on a date for talks in Baghdad with Mr James Baker, the US secretary of state, who is considering a trip to the region next week.

Arrangements for Mr Baker's proposed visit to Baghdad broke down over disagreement on dates. The US said he would only be prepared to visit before January 3, while Iraq insisted he could come only on January 12. Washington rejected this date as too close to the UN deadline.

Now, however, Iraqi officials

Baker: talks still uncertain

suggest they could accept any date for a visit by Mr Baker from January 3 to January 12, provided the date was not imposed by Washington.

Arab officials and western diplomats said a date suggested by a third party might solve the stand-off. Germany, which called for tomorrow's meeting of EC foreign ministers, is believed to be among several countries to have expressed willingness to mediate over the date.

For Iraq, the battle over dates is crucial to its aim of pressing Washington into reconsidering its relationship with Iraq and the Arab World.

Iraqi officials argue that if the US is concerned to preserve its interests in the region, it should deal with Arab countries on an equal basis. For Iraq, the way in which Washington handles arriving at a date for a meeting could be the beginning of "an equal relationship".

"Washington either accepts January 12, or allows each president to fix the date for the other country's foreign minister's visit, therefore allowing for an equal relationship," a senior Iraqi official said. "The Americans will have to compromise, they cannot expect others to make concessions".

However, western diplomats say that Baghdad's expectation that European intervention will provide some diplomatic leeway is wishful thinking. Most believe that no countries, European or otherwise, seeking a mediating role can prevent a war without Iraq first having taken some practical steps towards withdrawal.

Iraqi officials concede that so far, no countries which have offered to mediate have deviated from the UN resolutions. "None of the European mediation efforts were really serious. The bottom line has always been the Security Council resolutions," one senior Iraqi official said.

The official insisted that the unconditional implementation of all UN resolutions would reflect the US influence over European policies and foster US "hegemony in the region". Instead, he argued, Europe should pursue "independent policies" from those of the US to play an "influential role".

Turkey to get 50 Nato aircraft

By David Buchan in Brussels

TURKEY will next week receive nearly 50 aircraft from Germany, Italy and Belgium, after Nato's Defence Planning Committee (DPC) decided yesterday to help its eastern-most member deter any Iraqi attack.

Germany, Italy and Belgium provide aircraft for the air component of the Allied Mobile Force (AMF), which Turkey has asked be deployed on its south-east border.

It was announced that the three-nation force would reach Turkey between January 6 and 10 to show Nato's "collective solidarity and determination in face of potential threat to allied territory". The White House greeted the move as showing allied unity in face of Iraq's invasion of Kuwait. The force should be in place before the January 15 deadline for Iraq to quit Kuwait.

Deployment is within Nato territory, but the Turkish request provoked some controversy in Germany, where some Social Democrat opposition members claimed that German participation required two-thirds approval by the Bundestag. But yesterday's Nato communiqué stressed the AMF aircraft deployment would be subject to "close and constant review" by the DPC.

The Belgian government, which like Italy but unlike Germany has warships in the Gulf, yesterday showed its nerves about sending aircraft so near Iraq. The cabinet stressed the "deterrent and preventive" nature of the AMF's mission in patrolling Turkish airspace. "The route of these patrols must be fixed to avoid all risk of misunderstandings and provocations."

Arab ministers in drive to avoid war

By Tony Walker in Cairo

THE FOREIGN ministers of Egypt, Syria and Libya held two rounds of talks in Cairo yesterday amid signs that the Arab leaders are mobilising for a last-minute diplomatic drive to avert war.

King Hussein of Jordan arrived in London at the beginning of a European tour that will also take him to Paris, Rome, Bonn and Luxembourg. The king will meet Mr John Major, the British prime minister, today.

Mr Yassir Arafat, chairman of the Palestine Liberation Organisation and one of Iraq's strongest Arab supporters, said in Baghdad that he believed war would not break out when the UN January 15 deadline for Iraq's withdrawal from Kuwait falls due.

"I cannot believe there is a new Nero ready to plunge the world into war and destruction," Mr Arafat told Le Figaro, the Paris daily.

In Cairo, the foreign ministers met for a first session in the morning, then held a 75-minute meeting with President Mubarak, before continuing their discussions among themselves. Egypt, in recent days, has stepped up its calls for a peaceful settlement.

But Iraq has shown no sign of compromise. The Iraqi newspaper, al-Thawrah, said yesterday that Iraq had completed its combat preparations and warned the US of dire consequences of war.

"We confidently tell Bush ... and those who ally themselves with him ... that the results of confrontation will be against their wishes," INA, the Iraqi news agency, quoted the paper as saying.

While Libya has demanded Iraq's withdrawal from Kuwait, it has also condemned the presence of foreign forces in the region. As time runs out before the UN deadline, the propaganda war on both sides intensifies.

Iraqi statements have become more hardline and its opponents are starting to reply in kind through third parties.

A new radio station, calling itself the "Voice of Free Iraq", has started broadcasting using frequencies provided by Syria, Egypt, Saudi Arabia and other Gulf states.

'Saddam Hussein has turned his country into an edifice of terror'

Its particular target is Mr Saddam Hussein, the Iraqi president.

Commentaries interspersed with popular songs and news items place the blame for the present crisis in the region squarely on the shoulders of the Iraqi ruler.

One of the radio commentaries described President Saddam as a tyrant and a despot who had turned Iraq into an edifice of terror.

"The only project in your life in which you have achieved an unparallelled success was the erection of this large prison and edifice of terror the foundation of which you have dug in every Iraqi home," the commentary said.

The Radio described itself as "the voice that conveys the truth to every Iraqi home" and said it would be "an information back-up for the Iraqi people's struggle"

Death throes grip Somalia's bankrupt regime

Julian Ozanne on a new tragedy

REPORTEDLY holed up in an underground bunker near the airport, President Mohamed Siad Barre was yesterday desperately trying to cling on to power in the disintegrating Somali capital, Mogadishu.

Few observers give the president, 80, much chance of surviving after 21 years of strong-arm rule which began with promises of democracy and justice and has progressively deteriorated into anarchy and tribal warfare, with government soldiers going on a spree of rape, pillage and murder.

"These are the terminal throes of a bankrupt regime," said one western diplomat.

But whatever happens, Somalia is poised to become another Liberia with violently antagonistic clans pursuing deep-seated rivalries and vendettas, threatening the fragile stability of the region.

It is a blood-stained legacy that any future administration will find hard to overcome.

The Somalia that Mr Barre, then army commander, seized in a bloodless coup in 1969 was already beset with tribalism and political instability.

Independence in 1960 had thrown together two separately administered territories, Italian Somalia in the south and British Somalia in the north.

In an attempt to forge a sense of national unity, Mr Barre declared the establishment of "scientific socialism" under the slogan "tribalism divides, socialism unites".

He courted the communist bloc and allowed the Soviet Union to establish a naval base at Berbera and to train and supply his army.

But the goal of national unity was elusive. In an attempt to tap the deep strain of greater Somali nationalism, President Barre declared an ill-fated war against Ethiopia in 1977, in which he hoped to annex the mainly ethnic Somali region of the Ogaden.

With the backing of Saudi Arabia, he cut diplomatic relations with Cuba, withdrew his offer of military facilities and expelled 6,000 Soviet troops. But western promises of military assistance failed to materialise and with Soviet and Cuban backing, the Ethiopian government routed the Somali invasion.

Mr Barre's humiliating defeat undermined his credibility and popularity, and in 1978 a group of tribal dissidents and disgruntled army officers tried to overthrow his regime.

The coup was crushed easily but the Ogaden defeat marked a fundamental turning point.

Severe reprisals against the Majeerteen clan, many of whom were implicated in the coup, alienated an important group. Ethiopia gave support to rebel groups operating in northern Somalia, and Mr Barre turned increasingly inwards to his own clan to maintain his shrinking power base.

The US moved into the vacuum left by the departing Soviets, now entrenched in Ethiopia, but the relationship with the west was always uneasy, marred further by the president's links with Libya.

The rebels besieging Mogadishu formally rejected peace talks with the Barre regime yesterday, saying they would fight on until he is removed from power, writes Julian Ozanne.

UN staff evacuated to Nairobi confirmed that heavy fighting was continuing for a fifth day running. The government was reported still to control the airport, city centre and the radio station. Evacuation plans for hundreds of foreigners, including 400 Italians and 80 Britons, received a setback when the government refused landing rights for Italian military aircraft.

At home, Mr Barre's attempt to forge a Somali nation also failed because he did not practise what he preached.

While he talked about eliminating tribalism, he packed senior positions in the army, civil service and government with members of his Marehan clan and his immediate family.

"Twenty-one years of violent behaviour by the government have eroded public confidence in the efficacy of working within the system as a means to bring an institutionalised dictatorship to an end," said a recent report by Africa Watch, an international human rights organisation.

Dissidents who tried to lobby within the system were detained, tortured or killed.

Several massacres were reported in the past two years, including an incident last July when more than 100 people were shot dead at a soccer stadium when they shouted anti-government slogans at Mr Barre.

In the north, at least 50,000-60,000 people died of war-related causes between May 1988 and January 1990 and more than 400,000 Somalis have fled across the borders to escape government retaliation and bombing raids.

As rebels took control of most of the country, the president became dismissively dubbed "the mayor of Mogadishu".

But until last weekend the rebels seemed reluctant to push into the city.

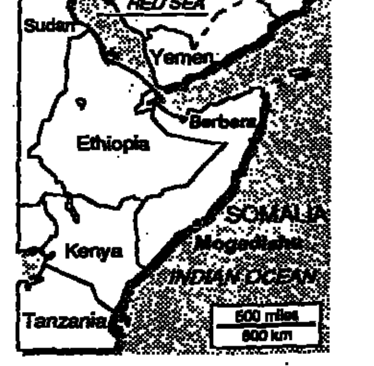
Now Mr Barre's chances of survival are poor. The rebels refused yesterday to negotiate with him and are determined to force him out.

But he remains trapped in a stronghold protected by his presidential bodyguard and tribal militias who have no option but to keep on fighting if they are to save their lives.

For Somalis, the tragedy, which has already claimed 500 lives in the last four days, may be prolonged. If so, the chances of instability flowing over into neighbouring Ethiopia and Kenya will increase.

Superpower involvement and interest in the country is now minimal. The US, which still has a military access agreement to use the ports of Berbera and Mogadishu, has completely shunned its Somali assets in the Gulf build-up.

Barre: holed-up near airport



Clashes in Gaza as UN envoy arrives

By Judith Maltz in Jerusalem

THE arrival in Israel yesterday of the president of the United Nations General Assembly, Mr Guido de Marco, coincided with violent clashes in the Gaza Strip in which one Palestinian was killed and at least 16 wounded.

Israeli troops killed four Arabs on Tuesday, the 26th anniversary of the first guerrilla attack by the Palestine Liberation Organisation's Fatah movement.

Most of the 1.75m Palestinians in the occupied territories had been confined to their homes to prevent unrest. The army said it had lifted curfews on all areas of Gaza except for the town of Rafah, adjacent refugee camps and the village of Bani Suheila.

Residents reported clashes between Israeli soldiers and Palestinians in Nuseirat camp and Khan Younis.

The visit by the UN General Assembly president was in response to the October 8 killings of 18 Arabs on the Temple Mount in Jerusalem.

Israel rejects any form of UN intervention into its handling of the occupied territories and their Arab residents.

Although he is not an official guest, Mr de Marco will meet Mr David Levy, the foreign minister, today. On Friday, he is scheduled to meet Palestinian representatives in the Gaza Strip.

Israeli officials said they did not understand the timing of the UN representative's visit, given the Gulf crisis. They also expressed concern that the visit might encourage the arrival of other UN officials to monitor Israeli treatment of Palestinians.

The latest wave of violence in the occupied territories began on Saturday when Israeli troops shot dead two masked Palestinians, carrying knives, who ignored orders to stop.

Another two Palestinians were killed in ensuing riots.

● Israel's population in 1990 grew by the largest rate since 1951, thanks to a wave of Soviet Jewish immigration. According to the Central Bureau of Statistics, Israel's population grew 5.8 per cent last year to 4.8m.

Approximately 200,000 Soviet Jews immigrated to Israel last year.

Oman reports growth in its GDP of 9.4 per cent

OMAN yesterday reported 9.4 per cent growth in its 1990 gross domestic product to Riyals 3.591bn ($9.3bn) at current oil prices, according to the country's Development Council, Reuter reports from Nicosia.

The council said oil contributed 44 per cent of total GDP. Oil revenues were estimated at Rys1.587bn, with most coming from crude oil and only Rys46.3m from natural gas.

In 1989, oil's contribution to the GDP was Rys1.462bn, 8.5 per cent less than 1990. The council's statistics put the contribution of non-oil sectors to the 1990 GDP at Rys2.004bn, 10 per cent higher than the previous year's Rys1.820bn.

The non-oil sectors included refineries, electricity, construction and commerce.

Only the minerals sector showed a decline, with a contribution of Rys7.4m, less than half of last year's.

On Tuesday, Oman announced its 1991 budget which boosted spending to Rys1.814bn and provided for a deficit of Rys237m.

Hopes of peace in Kashmir fade

By K.K. Sharma in New Delhi

PROSPECTS of a negotiated settlement with militants in Kashmir state dimmed yesterday when Mr Chandra Shekhar, India's prime minister, said that while he was anxious to find a political solution to the issue, there could "be no compromise on the integrity and unity of the country".

Mr Shekhar has invited Sikh representatives from both Kashmir and Punjab for talks and has offered to discuss amendments to the constitution short of secession.

In Srinagar, capital of Kashmir, the Jammu and Kashmir Liberation Front yesterday ruled out the possibility of talks with New Delhi within the framework of the constitution.

● Meanwhile, the government has disclosed that 890 people had been killed and 3,882 injured in Hindu-Moslem clashes since last September.

Triads exploit Hong Kong's atmosphere of crisis

A surge in organised crime is adding to the anxiety provoked by rule from Peking, **John Elliott writes**

LO CHIU is a 15-year-old school prefect with problems because he used an iron pipe to fight off a Triad group which tried to beat up him and his friends. Now he has a record with both the Hong Kong police and the Triads which could dog him for years unless he moves to a new area. "I am frightened – the Triads try to force us to join them," he says.

Lo is one of thousands of schoolchildren targeted by Hong Kong's criminal Triad gangs to form trouble-making youth groups that may one day grow into street gangs and run small-time protection rackets.

Though most do not progress so far, some become involved in the more organised crimes of extortion and drug trafficking, and all are branded Triads for life, which means they might be called on to take part in Hong Kong's growing crime and violence.

Hong Kong had a reputation as a highly corrupt society in the 1970s. It has been substantially cleaned up, but it is still an entrepôt for more than legitimate trade, playing a pivotal role in particular in drug trafficking. Now the colony is facing the risk of a gradual breakdown in law and order in the next few years before China resumes sovereignty in 1997. This could undermine the chances of Hong Kong surviving as an internationally important regional business centre.

In the past few months there have been shoot-outs with police in the central area, including one killing of a passer-by. The home of the chief police commissioner has been robbed in broad daylight, and a prominent businessman is believed dead after being kidnapped.

Six people were killed one night in the fire-bombing of a Kowloon club caught up in inter-gang Triad warfare, and members of rival Triad street gangs wearing distinctive white gloves for identification disrupted queues of potential buyers at a New Territories housing development.

Many crimes have been committed by illegal Chinese immigrants who are brought across the border by Hong Kong gangs to carry out crimes for which they are paid and then returned home.

The organisers face less risk of discovery if they do not use locals, while the illegals can earn far more than would be possible in China where they would face the added risk of being shot for minor crimes. Only 55 were arrested for violent crime in the first seven months of this year, but this obscures their significance.

Compounding the general problem is a slump in police morale and recruitment. The force of 26,000 is about 900 under strength, although a recent substantial pay rise is boosting job applications. Many Chinese-speaking expatriate police officers intend to leave before 1997, and the calibre of potential local recruits is declining.

Worried about growing public criticism, the police have begun to hit back, and have achieved some notable arrests of Triads and other criminals. They are co-operating closely with police in the neighbouring southern Chinese province of Guangdong, which is tackling its own sharply increasing crime.

Controversial legislation is also being prepared, giving police powers to prosecute criminals in Triad and other syndicates for general involvement in organised crime. But this will run into stiff opposition and may never come into force because it would allow police to tap phones and bug premises, although such actions would still require a court order.

Critics argue this could be misused by China after 1997. More importantly it would give police bugging access to some of Hong Kong's controversial big names suspected of criminal activities. The number of violent crimes has risen from under 16,000 in 1988 to a projected 19,000 in 1990. Incidents involving the use of firearms rose from 40 in 1987 to 85 in 1989 and 113 in the first 10 months of 1990. Car thefts have become the latest problem, rocketing from 2,980 cases in the first 10 months of 1989 to more than 4,500 in 1990.

The government tries to calm fears by pointing out that statistically Hong Kong is one of the safest cities in the world, with a projected crime rate this year of 1,510 cases per 100,000 population. In 1988, the latest year for which international figures are available, Hong Kong's figure was 1,410, compared with 10,025 cases in London, 2,633 in Seoul and 1,994 in Tokyo.

But the statistics obscure Hong Kong's sensitivity to any deterioration in social order because of its small tightly-packed living conditions.

The growth in armed crime stems from a huge increase in the number of guns – mainly 7.62mm semi-automatic pistols made by China's North Industries Corporation – which have been smuggled into Hong Kong in growing numbers since 1988.

The guns form part of an escalating illicit cross-border trade that also involves narcotics, stolen cars, and illegal immigrants.

There is a real fear of Triad activity increasing in the next few years, as it has done when Hong Kong has faced crises in the past. The total membership of active and non-active people is estimated at 100,000-150,000.

"The Triads have split into many, many sub-groups so we don't see them as a cohesive threat to law and public order," says Mr Stephen Vickers, head of criminal intelligence.

"But they are a group of people that the public are afraid of and it is much more difficult for us to investigate crimes they are involved in because people are afraid." Lo Chiu and his school friends would testify to that.

Nigeria's foreign debt grows at 8%

NIGERIA'S external debt is rising by more than 8 per cent a year, according to government figures, writes William Keeling from Lagos.

Between September 1989 and last October external debt rose from $29bn (£15bn) to $31.5bn, despite debt-servicing payments of over $2.5bn being made during the period. The increase in external debt arose despite the implementation of a debt-conversion programme under which $495m of debt has been cancelled.

The operations of the debt auction were suspended late last year but are expected soon to be reconvened.

● Flight-Lieutenant Jerry Rawlings, Ghana's military leader, has announced a leisurely timetable of political changes, Reuter reports from Accra.

He said a new constitution, replacing the one suspended when he took power in a coup on December 31,1981, would be fashioned this year.

Half-point reduction may help alleviate credit crunch

Leading US banks ease prime rate

By Alan Friedman in New York

LEADING US banks cut their prime lending rate by half a percentage point to 9.5 per cent yesterday, a move that had been expected in the wake of last month's easing of interest rates by the Federal Reserve Board.

The action by institutions such as Citibank, Chase Manhattan and Morgan Guaranty came 48 hours after the Bank of America reduced its prime – the US base rate that affects the level of interest paid by consumer and business borrowers. The last time the prime was cut by most US banks was 12 months ago, when the rate was lowered from 5 to 10 per cent.

The big New York banks were joined yesterday by regional banks across the country, beginning with institutions in Atlanta, Pittsburgh and Detroit.

A handful of small banks and the First National Bank of Chicago had cut their rate before Christmas, following a move by the Fed on December 18 to stimulate the US economy by cutting the discount rate from 7 to 6.5 per cent. It was that move by the Fed which made a wider range of rate reductions inevitable.

The prime rate cut may help alleviate the credit crunch that has beset the US banking system. It came on the same day that President George Bush, in a televised interview, for the first time used the word recession to describe parts of the US economy.

Mr Marlin Fitzwater, the White House spokesman, said yesterday that the lower interest rate should be helpful in softening the impact of the economic slowdown.

On Wall Street, the Treasury bond market reacted positively to the prime cuts. However, the modest rally that sent the benchmark 30-year bond ¾ of a point higher was equally a reaction to fresh indications of the deepening recession, such as the latest purchasing managers' report, and to Mr Bush's comments.

The prime cut had little impact on equities, with light trading on the stock market and only a 6.44 point rise in the Dow Jones index by lunchtime.

Analysts said some banks had delayed the prime cut by a fortnight to bolster their year-end balance sheets, which have been weakened by mounting real estate loan problems and a drop in corporate business.

US economy continues to shrink

By Michael Prowse in Washington

THE US purchasing managers' index – a widely followed gauge of industrial conditions – fell markedly in December, providing further evidence that the economy is contracting sharply.

The index fell to 40.4 per cent against 41.3 per cent in November and 47 per cent as recently as August. Analysts had been expecting a decline of about half this size.

The fall was the sixth successive monthly decline and leaves the index at its lowest level since the trough of the 1981/82 recession, when it registered 39.2 per cent.

A reading below 50 is generally taken to indicate that the manufacturing economy is declining; a reading below 44 that the economy as a whole is contracting. The index was below 44 throughout the fourth quarter of last year.

Mr Robert Bretz, chairman of the National Association of Purchasing Managers, which compiles the index, said the continued weakness of new orders indicated the economy would go on declining beyond the end of the fourth quarter.

A series of more specific indices compiled by the association painted a grim economic picture.

The new orders index – a measure of likely future economic conditions – fell for the sixth consecutive month to 38.3 per cent, compared with 39.4 per cent in November. This was the lowest level since May 1982 when it registered 38.1 per cent.

The production index fell to 40.4 per cent from 41.8 per cent in November. This was the fifth successive steep decline, suggesting the recession is gathering momentum.

However, the index for new export orders was more encouraging. It remained at 55 per cent, November's level, and close to the average for the year of 55.3 per cent. This partly reflects the dollar's weakness and suggests exports may continue to provide a prop for the declining domestic economy.

The report also showed a moderating rate of inflation in December, following the rise in oil prices caused by the Gulf crisis, and a further decline in inventories, which suggests companies are seeking to avoid an excessive build-up of unsold goods of the kind that has worsened previous recessions.

Argentina deregulates oil industry

By John Barham in Buenos Aires

THE ARGENTINE government yesterday implemented two key reforms in its economic adjustment programme, deregulating the oil industry and cutting several thousand civil service jobs.

The government abandoned its central role in the oil market, allowing private producers, refineries and retailers to buy and sell oil products at whatever price the market will stand. Immediately, prices rose by about 3 per cent at private service stations, while Yacimientos Petroliferos Fiscales (YPF), the state oil company which controls more than 60 per cent of the market, lowered prices in a bid to check inflation.

The government also laid off more than 20,000 bureaucrats in the first round of a three-year plan to axe 122,000 government jobs, equivalent to one-fifth of civil service employees, to save $1.44bn (£746m) by 1993.

However, financial markets remained nervous about the waning health of public finances and the outlook for inflation, despite government assurances that January's inflation rate will not be significantly greater than that for December, expected to be about 5 per cent.

Tax-cut supporter tipped to fill Fed post

By Lionel Barber in Washington

MR Lawrence Lindsey, a White House economist and enthusiastic supporter of tax cuts and supply-side economics, has emerged as a leading contender to fill a vacancy on the Federal Reserve Board.

Mr Lindsey, 36, would fill the slot opened up by the departure of Mr Manuel Johnson, a supply-sider who served as vice-chairman of the Fed until last June.

Mr David Mullins, a former Harvard Business School professor and senior US Treasury official who is already on the board, is expected to be nominated to the senior post of vice-chairman.

Mr Lindsey is understood to have the backing of Mr John Sununu, White House chief of staff, who has been seeking to deflect criticism from the conservative wing of the Republican party, angered by President George Bush's abandonment of his "no new taxes" pledge.

Mr Lindsey completed his doctorate in economics at Harvard University, from where he is currently on leave. His is a former student of Mr Martin Feldstein, who served as chairman of the Council of Economic Advisers under President Ronald Reagan.

Odebrecht offers profits to the poor

Sally Bowen on the Brazilian group's crusade against poverty

ODEBRECHT, Brazil's second-largest corporation, is conducting a new sort of business – in a Lima shanty town. The company is inaugurating production workshops to train unemployed locals in income-generating activities and "break the vicious circle of poverty".

The scheme is part of a policy by one of Latin America's most forward-looking transnationals to promote the profit motive. A couple of months ago Odebrecht became the first private company on the continent to sign agreement with the Organisation of American States (OAS) to fund and manage small short-term development projects in Peru; initially in Lima, the northern city of Trujillo and the jungle department of Madre de Dios.

The company's philosophy makes for a very different sort of business. Founded in 1945 by Mr Norberto Odebrecht, son of a German immigrant, the company looks like many successful large corporations; its divisions deal in oil-drilling and information systems, construction and mining.

Last year they billed in excess $1.6bn (£829m) and are involved in big construction projects in 11 countries including Angola, Chile, Ecuador, Peru and Brazil. A recent takeover of the Bento Pedroso construction company in Portugal gives them a foothold in post-1992 Europe.

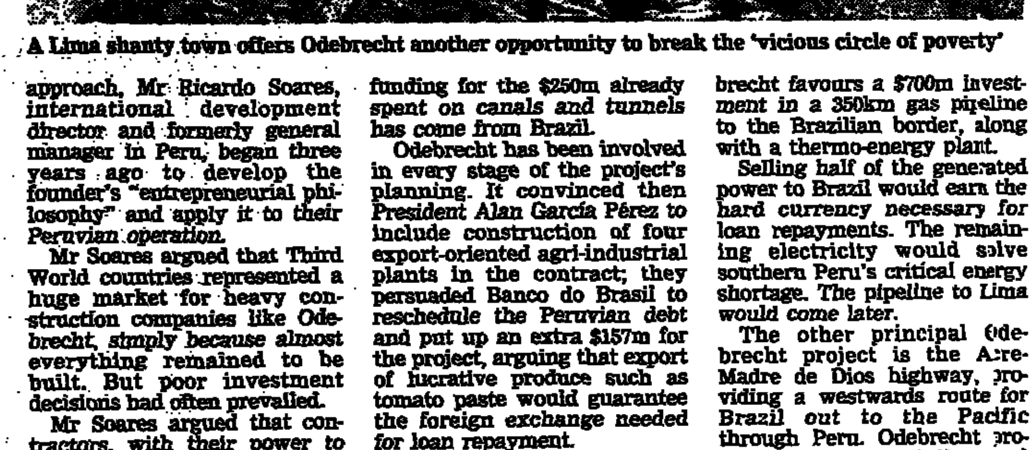
But Brazil's desperately impoverished state of Bahia, where Odebrecht was founded and maintains its head office, the Emilio Odebrecht Foundation funds specific development projects proposed and run by inhabitants of marginal communities. "We thought our company had other responsibilities in a country where there is much poverty," said Mr Alvaro Diniz, Odebrecht's business development director.

The Brazilian experience has been extended to Peru. Odebrecht's assistance takes the form of a "seed fund" which finances a communal restaurant, laundry or workshop decided in the community. The idea is to turn the community into a mini-business, to teach people how to buy effectively, to produce something that could be sold at a profit," said Mr Diniz.

Once the business is running profitably, the investment must be repaid and the loan recycled to finance another start-up project.

On a larger scale, within Odebrecht itself, a similar business philosophy has been evolving.

Taking advantage of the company's decentralised approach, Mr Ricardo Soares, international development director and formerly general manager in Peru, began three years ago to develop the founder's "entrepreneurial philosophy" and apply it to their Peruvian operation.



A Lima shanty town offers Odebrecht another opportunity to break the 'vicious circle of poverty'

Mr Soares argued that Third World countries represented a huge market for heavy construction companies like Odebrecht, simply because almost everything remained to be built. But poor investment decisions had often prevailed.

Mr Soares argued that contractors, with their power to influence governments, had to change their social role. "Many companies believe they are fulfilling their social responsibilities if they pay good salaries and fringe benefits," he said. "But unless the company generates wealth for the whole country, it is failing in its responsibility to promote genuine development."

If Third World construction companies did not modify their strategies, he said, they faced extinction. A rich company dependent on a poor client country was no longer viable. A contractor had to adapt to the pragmatic, market-oriented policies starting to dominate today's under-developed world and had to ensure the economic success of a project.

One manifestation of the philosophy evolved by Mr Soares and his colleague, Mr Jose Caetano, is the Chavimochic irrigation project. The first stage of this ambitious four-valley scheme for diverting the Santa river in Peru's north-central desert to bring some 90,000 hectares into agricultural use is now almost complete.

As Peru has been ineligible for loans from the international financial community since 1986, the only external funding for the $250m already spent on canals and tunnels has come from Brazil.

Odebrecht has been involved in every stage of the project's planning. It convinced then President Alan García Pérez to include construction of four export-oriented agri-industrial plants in the contract; they persuaded Banco do Brasil to reschedule the Peruvian debt and put up an extra $157m for the project, arguing that export of lucrative produce such as tomato paste would guarantee the foreign exchange needed for loan repayment.

The company also employed agricultural experts to test and supervise irrigation systems and cultivation of an initial 1,000 hectares of tomatoes, and will remain involved in plant management for three years.

The first Chavimochic factory was opened by outgoing President García in late July last year, with all production pre-sold to Japan.

"This approach to agricultural development has an important impact on the mentality of Third World farmers," Mr Soares said. "They start to perceive where the real profits are; that is, high productivity and industrialisation."

Ensuring the success of the project is also vital to securing future financing. Early indications are that Chavimochic has passed the test – Banco do Brasil approved a further $63m credit for the project in June.

Odebrecht is looking ahead to at least two further lucrative contracts in Peru.

For exploitation of Peru's huge Camisea jungle gas field, Odebrecht proposes a scaled-down version of a Royal Dutch Shell plan. Instead of a $1.8bn trans-Andean pipeline, Odebrecht favours a $700m investment in a 350km gas pipeline to the Brazilian border, along with a thermo-energy plant.

Selling half of the generated power to Brazil would earn the hard currency necessary for loan repayments. The remaining electricity would solve southern Peru's critical energy shortage. The pipeline to Lima would come later.

The other principal Odebrecht project is the Acre-Madre de Dios highway, providing a westwards route for Brazil out to the Pacific through Peru. Odebrecht proposes not just a 1,200km road but an "integrated development project" which would include health and education infrastructure, rural electrification, development of agro-industry and environmental protection.

A comprehensive six-month Odebrecht-funded study of the area, employing sociologists, anthropologists and ecologists has just been completed and the company has been working "informally" since late 1988 with communities in Madre de Dios to sow public relations "seeds of sympathy", which may bear fruit for them when project tenders are announced.

The benefits of playing the responsible entrepreneur are far reaching, Mr Soares believes. When the García government came to power in Peru in 1985, Odebrecht was viewed as a "bad guy" for their contracts with the previous president, Mr Fernando Belaúnde. But by this year's elections the company had built up excellent relations with both the ruling and opposition parties.

"People are aware we're working for the benefit of the country, not the ruling party," said Mr Soares.

British Telecom considers global identity

BRITISH TELECOM, the telecommunications group, is considering changing its name to BT as part of a review of its corporate identity intended to bolster its international ambitions and to shake off its poor image in the UK, write Paul Abrahams and Alice Rawsthorn.

As part of the review, BT's logo is also to be changed. The familiar "T" image is likely to be replaced a red and blue Pan figure with pipes next to the blue letters "BT", but no final decision has been made.

BT is one of a number of large UK companies to be investing in a new corporate identity. Shell, the Anglo-Dutch oil group, recently appointed a consultancy to overhaul its identity, and Vauxhall, the UK subsidiary of General Motors, is developing a new corporate image.

Mr Tony Key, corporate head of design at BT, said the old symbol, which was nearly 10 years old, no longer matched the group's international aspirations.

BT has made no secret of its ambitions to become a leading global player in telecommunications services. The UK government's review of the industry will inevitably lead to it losing market share. BT already owns 20 per cent of McCaw Cellular Communications, the largest US mobile communications group.

BT refused to say how much the review would cost. The redesign will involve repainting some 93,000 phoneboxes, reprinting stationary and reconstructing the top of the Telecom Tower in London, still popularly known as the Post Office Tower.

The review is occuring at a time when BT is trying to cut costs. It hopes to reduce staff levels by 30,000 over the next three years.

Fear of deep, extensive recession

Rachel Johnson on the FT's annual survey of economic forecasts

A SEVERE recession this year will provide the springboard for slight economic growth in 1992, according to the New Year survey of economic forecasts carried out by the Financial Times.

The onset of the UK recession of 1990-91, which became manifest in official statistics from the third quarter of last year, caught much of the forecasting fraternity and the Treasury by surprise. The downturn happened so quickly – and spread so fast – that the consensus of the last FT survey (FT edition August 28 1990), was that the UK should "escape recession in 1991".

The period between the last FT survey and this one has seen every economic indicator framing a recession likely to be neither "short-lived" nor "shallow" – the government's words – but deep and extensive.

This time round, 22 City of London institutions, private-sector forecasters and intergovernmental bodies contributing to the survey have been careful to err more on the side of caution. Iraq's invasion of Kuwait in August and the government's locking of sterling into the exchange rate mechanism in October has reinforced contributors' caution.

Three imponderables, and the ERM-locked exchange rate, make this recession both unique and singularly difficult to survey. "As soon as we put the numbers down on paper, we think, have we taken all the bad news into account?" said Mr Kevin Gardiner, of Warburg Securities.

● The Gulf crisis deepened the recession by raising oil prices and curbing consumption; until it is resolved, analysts expect the oil price to remain at around $25 a barrel. When oil prices fall, this will prompt rapid falls in inflation, stimulating GDP growth from negative in 1991 to between 1 and 2.5 per cent in 1992 as consumer expenditure picks up.

Under a protracted embargo, however, prices will stay higher longer. UBS Phillips and Drew estimates that a fall in the oil price from $40 in the first quarter of 1991 to $22 by the end of 1991 produces an average of $30 for the year as a whole – producing an inflation rate of 6.2 per cent in 1992. NatWest Capital Markets argue that any price above $30 would threaten the UK with a longer recession.

● The timing of the UK general election is likely to have implications for monetary policy, altering the emphasis of a range of forecasts, from the retail prices index to consumer spending. The government will be anxious to reduce interest rates substantially in order to stimulate the economy into what Mr John Smith, the opposition Labour party's economic spokesman, dismisses as a "short-term boomlet".

● A realignment within the ERM. Sterling's central rate of DM2.95 is regarded, especially by manufacturing industry, as too high, while the next movement of German interest rates is assumed to be up, not down. Should a realignment take place, the export-led recession would ease as export volumes pick up to levels more commensurate with the Treasury's forecast of 2.5 per cent next year.

● The ERM makes this recession, and the prospects for bouncing out of it, most unusual. The tools for lifting the economy out of the recession – a sterling devaluation and cutting tax and interest rates – can only be deployed if the exchange rate allows. With sterling weak in the ERM, it would be difficult to resist a sterling interest rate rise after one in Germany. Mr Richard Jeffrey, UK economist at Hoare Govett, expects the government will be forced to raise interest rates again after an election in order to protect the pound.

These four factors, especially the last, make the next two years extremely unpredictable for UK policy-makers. The economic weakness embedded in the forecasts, particularly for this year, makes it unlikely that sterling will strengthen much in the near-term.

Analysts are doubtful that the government will be able to keep sterling stable within the ERM this year, if the price of doing so is maintaining very high interest rates and prolonging the downturn.

The City's prognoses are thus considerably more pessimistic than the Treasury's, which issued its last set of forecasts together with public expenditure plans in its annual Autumn Statement on expenditure of November last year.

The National Institute, and Mr Peter Spencer of Shearson Lehman, the US investment house, both plot a depreciating path for sterling towards the bottom of its ERM band by the end of 1992. This is consistent with the view that sterling thereafter realigns and is moved into the narrow fluctuation band, maintaining the floor but moving the central rate and ceiling down.

Mr Terry Barker, of Cambridge Econometrics, emphasises the "risks for economic policy and the maintenance of a stable financial structure from the present position". The UK is already in recession with one of the "longest and tightest monetary squeezes since the war".

The options open to the government are to withdraw from the ERM, realign sterling, introduce credit controls or raise tax increases – all of which carry a high political cost. Should sterling be devalued by 10 per cent, CE estimates there would be a rise in underlying inflation of some 2-3 percentage points in 1991-92. NatWest expects a devaluation "sometime after the general election". Prof. Patrick Minford, of Liverpool University, assumes a parity adjustment in this quarter (of 1991).

The ERM discipline will have the fiercest effects on the labour market. Rising unemployment will be a landmark of 1991, and is expected to jump from 1.7m in November 1990 to over 2.3m by the end of this year, according to UBS Phillips and Drew.

Any improvements in the current account in 1991 – to around £11bn, in line with Treasury forecasts – could be lost as the overvalued pound hampers exports at the same time as world trade growth slides. And as the projected recovery of 1991 is to be consumer led, imports will pick up and the current account resume its deteriorating trend.

On interest rates, the forecasters mostly assume that a sharp fall in inflation to around 5 per cent will allow for the promised substantial cuts in rates to around 12 per cent.

Some are less hopeful in the light of the tight corset placed on monetary policy by last year's ERM move. "We should not dismiss the possibility – although it is not our central case – that the ERM constraint prevents any further interest rate cuts in 1991," said Mr Steven Hannah, of NatWest. Then 1991 will be a year of significantly lower output and employment and sorely reduced corporate and consumer expenditure.

The general rule is that booms are stronger, and recessions deeper, than the consensus forecasts.

BRITAIN IN BRIEF

British boat builders, such as Diana Tremlett of Tremlett Boats (pictured above), are beating the domestic recession by chasing markets around the world, industry chiefs said at the annual Boat Show in London. Mr Paul Wagstaffe, chief executive of the British Marine Industry Federation, said total sales for 1989 were up almost 25 per cent at £1.078bn and export returns for 1990 were showing a turnover of between £400 and £500m.

Hearing on Virgin bid for flights

The Civil Aviation Authority (CAA) is to hold a public hearing in London today which could set a precedent for the way take-off and landing rights or "slots" are allocated in the future to UK airlines at heavily congested foreign airports.

The hearing will examine an application by Mr Richard Branson's Virgin Atlantic Airways for additional rights to Tokyo's Narita airport, one of the world's most congested airports.

Virgin has been seeking to expand its services from London's Gatwick airport to Tokyo, but has been frustrated because of the lack of additional landing slots for UK carriers at Narita airport.

It now wants the CAA to force British Airways to relinquish some of its existing slots at Narita and hand them over to Virgin to enable the smaller UK carrier to expand its Japanese services.

Actors refuse TV ad work

British actors and actresses have started refusing contracts to work on television commercials in an industrial dispute over changes to fees for repeat showings, according to the actors' union Equity.

Mr Ian McGarry, Equity deputy general secretary, said some actors had been offered contracts to work under new terms and had obeyed a union instruction not to accept them.

The clash over repeat fees, which advertising industry employers say are likely to increase in number because of the growth of satellite and cable networks, comes amid a downturn in the industry which is affecting profits.

Initiative on recycling

The government is making an additional £40m available to local authorities over the next three years to encourage them to set up recycling schemes.

Mr Tony Baldry, junior environment minister, sent letters to local authorities asking them to bid for this year's allocation of £10m by March 1.

Councils are expected to to put forward well thought out recycling strategies in order to qualify for funds. Many will be in co-operation with the private sector.

Value of MBOs falls sharply

The value of management buy-outs completed in Britain fell sharply in 1990 from the record level achieved the year before though a small recovery is expected in 1991.

Buy-out values slumped to only £2.76bn in 1990 from £6.46bn in 1989 but will rise to an estimated £3bn this year, accountants KPMG Peat Marwick McLintock forecast in its latest buy-out review.

Almost two-thirds of the value of 1990 buy-outs was accounted for by 56 deals in the middle-range bracket of £10m to £250m.

Retailers assess Christmas sales

The Christmas trading period was not the disaster that some retailers had feared, the Retail Consortium, which represents 90 per cent of the retail industry, said.

Mr James May, director general, said although trading had picked up nearer Christmas. Evidence suggested that trading in northern Britain had remained "pretty good", he said, but the market was was not so buoyant in southern England.

Press body starts work

The Press Complaints Commission has started work as the new self-regulatory body to handle public complaints against the press.

The commission is the legacy of the Calcutt Committee's report on privacy published last June. The report recommended that the old Press Council be replaced by a new body with stronger powers.

The government has told newspapers and broadcasters that unless the new commission is a success, it will impose statutory restraints on the press. The commission has a new code of practice to form the framework for its decisions.

Newspaper for Shetlands

The Shetland Islands, off the north coast of Scotland, could soon have a new newspaper, say four journalists who have drawn up a detailed business plan and share prospectus.

The four are all former staff of the islands' only weekly paper the Shetland Times, including Dr Jonathan Wills, who was sacked as editor a year ago.

Dr Wills said the first issue of the new quality tabloid weekly, to be printed in Shetland, would be published in 1992 if everything went to plan.

next page

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Please write in confidence with full [car]eer and salary details, quoting reference [1]6 to John Hills.

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How Dunlopillo plans to bounce through recession

The UK bedding manufacturer is eschewing the mass market and moving upmarket to match its customers' aspirations. **David Churchill** reports

Increasingly desperate special "sale" offers now proliferating in UK high street retailers bear witness to the fact that the furniture industry is proving to be one of the most sensitive to falling demand.

In contrast, Dunlopillo, the bedding manufacturer, raised its prices a notch last year and is holding them. "We first saw the slump in spending coming about 18 months ago," says Richard Smith, the company's managing director. "So we not only planned for lower volumes but decided to redesign our range and make it even more luxurious and take it another peg up-market."

This move was not as strange as it seems, he insists. "There are always opportunities to be found in a recession as in a boom; our customers are not typically those who suffer most from an economic downturn." Market share, he adds, is not Dunlopillo's aim, "but the right marketing position and image is."

Dunlopillo, a subsidiary of the BTR conglomerate, makes latex mattresses. Latex is a spongy foam made from natural rubber and it looks something like an Aero chocolate bar on the inside. This gives it greater flexibility and resilience than traditional sprung mattresses and foam beds made with polyurethane.

It was developed by Dunlop in the late 1920s, but latex has never been as popular for bedding in the UK as it has on the continent, where attitudes to bedroom hygiene and comfort – *pace* the duvet – have traditionally been more advanced. "Continental Europeans care more and spend more on their bedrooms," says Smith. "The British have hardly seemed to give them a thought."

Now, though, Dunlopillo believes its product's time may at last have come in the UK. "It's an absolutely perfect material for bedding," enthuses Smith.

Smith maintains that as a result of the growth of European travel more Britons have become aware at first hand of the benefits of latex and the advantages of different bedding systems widely in use on the continent – such as slatted or contour beds which can change shape (either manually or electrically) according to the individual.

Moreover, he believes that consumer perceptions of bedrooms are also maturing. "Many consumers are looking for quality, luxury goods geared to performance rather than simple mass-market appeal," he says. The Green movement of the late 1980s has helped spur this on, since latex is a natural rubber product.

But for many years polyurethane-based mattresses have constituted the bulk of the bedding market and seemed to be what the consumer wanted: a basic product at the cheapest price. Dunlopillo was forced to follow suit, eschewing in the 1980s latex mattresses for polyurethane ones which were much cheaper to produce.

"Yet, increasingly, we felt this was wrong for us; we were not really into the mass-market, high volume bedding business where sales were made on price alone. We had a strong brand based on quality, built up over many years, which was going to waste."

Polyurethane, in any case, has had a bad Press in recent years following a succession of fatal fires caused by flammable furniture.

So four years ago, Smith joined Dunlopillo from another UK bedding company and the decision was taken to implement a new marketing strategy which included reverting to manufacturing latex mattresses. "Our belief then was that we should go for quality and this was borne out – whether by luck or judgment – by the rising aspirations of consumers for better quality bedding," he says.

It was a drive up-market by Dunlopillo which was exactly in tune with the consumer boom of the late 1980s; but can its conscious appeal to up-scale living survive the recession of the early 1990s?

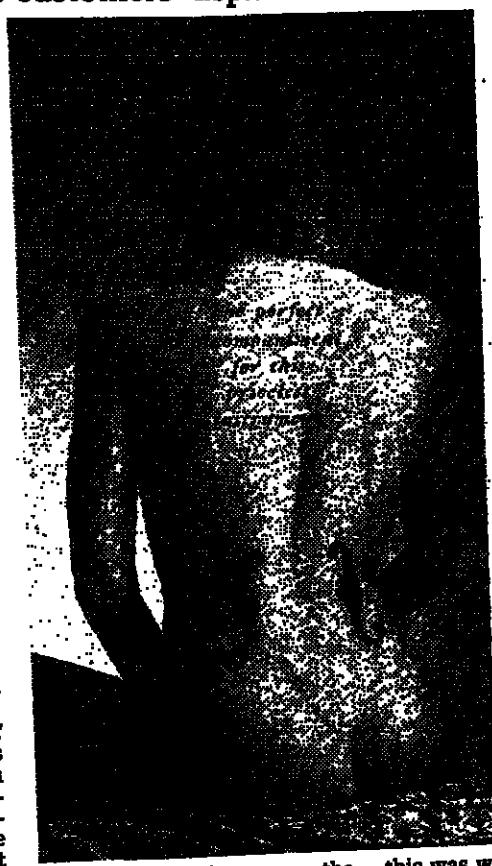
Smith believes it can. Dunlopillo's strategy has been to target groups with aspirations and disposable income to match. The "grey" market of over-50 consumers has been a prime segment. "Quite often these consumers are buying the second or third bed in their lives and they know what they want," he says. "They're not afraid to try out different beds because they realise what a difference it can make to their lives."

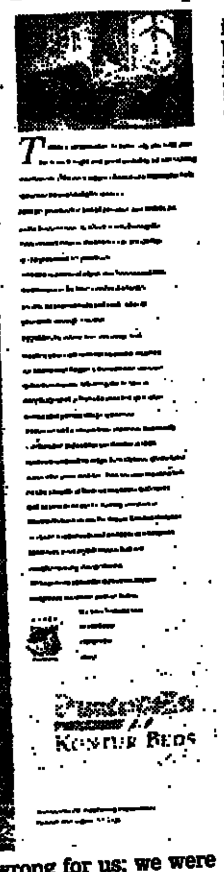
More important, however, "grey" consumers have significant disposable income, necessary for mattresses costing £1,000 or so each or luxury "contour" beds costing up to £4,000 including latex mattresses.

Dunlopillo's marketing tactics to reach these grey and other consumers still willing to spend on luxury goods has been largely to ignore television advertising but to rely instead on newspaper and magazine advertisements. (A new campaign starts soon.) The reasoning, believes Smith, is that "there's no time to talk about the benefits of latex on television. Our markets are interested in the details – so we use the written word."

One advertisement, however, fell foul of the Advertising Standards Authority because of its too graphic description of the sort of bugs that happily live in a traditional sprung mattress after several years' use.

Since people on average only change their mattress once every 16 or 17 years, Smith believes that an appeal to the health-conscious is an essential part of his strategy, even if the advertising copy about blood-sucking mites had to be toned down a bit. "If people knew what was in their mattress, they'd be horrified and change them far more often," he points out. "But recession or not, I believe Britons are increasingly going to wake up to the fact that a good night's sleep is worth paying for."





Marketing abstracts

The diffusion of industrial innovations. *RL Day and PA Herbig in Industrial Marketing Management (US), Aug 90 (10 pages).*

Censures academic marketing for failing to emphasise the distinction between retail consumer new products and industrial products, largely because they (the academic marketeers) themselves are consumers while few have experience of industrial markets. Proceeds to consider how the distinction affects the diffusion of innovations, ie the speed with which they are adopted, and explains why in the case of industrial products it takes very much longer.

Advertising: strong force or weak force? *JP Jones in International Journal of Advertising (UK), Vol 9 No 3 90 (14 pages).*

Strongly contrasts two theories of advertising, one regarding it as a "strong force" that changes attitudes, persuades people to buy and fuels the capitalist system, the other as a "weak force" to be used defensively as a means of protecting the status quo; considers that an uncritical belief in the universality of the strong theory has created much mischief, particularly in advertising courses in American universities, the education of their graduates being regarded as gravely deficient.

Harmonisation of demographics. *Y Marbeau in Marketing and Research Today (Netherlands), Aug 90 (11 pages).*

The chairman of the ESOMAR working party on harmonisation of demographics presents a recommended questionnaire in English, French and German, and explains the rationale behind the economic status scale designed to be a substitute for income and to obviate monetary issues such as exchange rates. The newly recommended scale is based on the ownership of consumer durables.

Readers of that sort of information will find that more British households have colour TV than do German, French, Italian or Spanish households (though only just); while with electric coffee grinders the Continentals win by a substantial margin.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £5 each (including VAT and p+p; cash with order) from Anbar, 62 Toller Lane, Bradford, West Yorkshire BD8 9BY.

Fitting for the over-50s

Eastex reckons its range will attract the older woman who is still fashion-conscious. **Jane Fuller** reports

Joan Collins, the actress, is a glamorous 57. Eastex aims its clothes at the over-50s. But can one imagine Joan Collins wearing the Eastex label?

British manufacturers are having to wake up to the fact that although the population is ageing – the so-called "grey market" – women who were young in the 1960s still want to be fashionable. When Alexon, the clothes retailer and manufacturer, acquired Eastex on its purchase of its parent, Ellis and Goldstein, two years ago, it found that although the target customer was around 60, the clothes were actually being bought by her mother.

As Ruth Henderson, main board director for brands (Alexon and Dash as well as Eastex), points out, "the business was obviously in danger of dying out".

The image of Crimplene and dull colours failed to appeal to 50-year-olds. It had to be recognised that they were active, often working and making full use of their leisure time. "They are fitter, healthier and richer than the generation before," she says.

To prepare for the relaunch early this year, market researchers questioned more than 60 groups of up to 12 women in the target age group and from a social cross-section to find out what they wanted, whether the designers' response was on the right track and whether the promotional literature contained what they wanted to know.

It was discovered that while much needed changing, it was important not to throw the old lady out with the bath water. Eastex did have certain strengths, notably the way the clothes fitted.

Since women get shorter as they get older, particularly from neck to waist, the different proportions were reflected in its patterns. The new marketing material elevates this concern to a place in the brand's logo, with the phrase "Designed for the shorter woman".

Sue Thorne, marketing director for Eastex, says it also emerged that the promotional photos must show the whole body. Potential customers wanted to check skirt and jacket lengths, and the positioning of pockets.

As women also tend to thicken round the middle with age, the option of clothes with elasticated waists has been kept.

While Eastex was known for its attention to fit, it tended to be thought of more as a maker of coats and dresses. Its range "was shoved to the back of the department store with the coats," says Thorne.

So the design team focused on the opportunities to sell matching garments. It has brought in new fabrics and colours, although navy blue remains popular and the pink is of the "shell" rather than the "shocking" variety.

According to Henderson, developing the product was the easy bit. Working out the marketing strategy was not. "It became obvious that these women were not used to being marketed at."

Soft focus was out and information was in, going against "the picture tells it all" school of advertising. For instance, the advertisements include prices and guidance on where to find the clothes. "She would really like to see washable written underneath it as well," says Henderson. That information is detailed in the brochure for spring and summer 1991.

At Harari Page, the agency handling the Eastex account, Sammy Harari says that whereas fashion advertising aimed at younger people creates "a mood and an overall image, when you are talking to older people you have to focus more directly on the product".

On the other hand, the advertisements still need "to sell a dream". Grey-haired models were given the thumbs-down. "It is a rule of the industry that you tend to show models 10 years younger than the target market. It appeals to the vanity in all of us." Indeed the age of the target customers is not mentioned at all.

The models are, however, genuinely small, perhaps 5ft 2in rather than the 5ft 10in Amazons typical in the rest of the fashion trade.

For the advertising campaign in February, Eastex has chosen newspapers and magazines with an older reader profile such as the Telegraph, Express (including its Sunday supplement) and Mail, Woman's Weekly, Woman and Home and Good Housekeeping.

Models are 10 years younger than the target customer

Promotions in department stores, where the Eastex units are being revamped, will take place in early March, and the clothes may even make a breakthrough into the shop window.

A booklet produced by Harari Page and Choice, the magazine for the retired and about-to-be retired, stresses the affluence of this age group. It points out, for instance, that 8m own their homes outright, and includes a prediction that by 1992 their annual spending power will amount to £173bn.

Figures like that may well draw in the sort of competition familiar to the boutique world. Meanwhile Eastex, which has been in the field for nearly 40 years, is hoping to set the pace.

LEGAL NOTICE

No: 008324 of 1990

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF AGF HOLDINGS (UK) LIMITED
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 25th October 1990 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the Share Premium Account of the above-named Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Harman at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 14th day of January 1991.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same

DATED this 14th day of December 1990

Lovell White Durrant
65 Holborn Viaduct
London EC1A 2DY

Solicitors for the above-named Company

No: 008323 of 1990

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF NEM INSURANCE COMPANY LIMITED
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

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DATED this 14th day of December 1990

Lovell White Durrant
65 Holborn Viaduct
London EC1A 2DY

Solicitors for the above-named Company

next page

Workers enjoy the good light

GOOD light in the work place can make people happy, more comfortable and less stressed, according to research that led to the first rating system to measure the quality of office lighting. The rating system is based on a computer model which calculates the interaction between different variables that affect lighting.

Better lighting "has a direct effect on performance and increased productivity, with inevitable benefits to employers," says Bob Bell, the chief lighting engineer at Thorn Lighting, which carried out the work in association with several universities.

The rating system, known as the CSP index, enables architects and specifiers of equipment for buildings, employers and employees to get a reliable indication of the quality of office lighting and a way of comparing lighting in different parts of a building.

Thorn says that better lighting quality only has to make employees more effective by a mere "40 seconds a day to give an increase in productivity equivalent to money saved from reducing energy use by 30 per cent".

"The elimination of one headache per worker per year can achieve major improvements in productivity."

The research that led to the CSP quality index identified comfort, satisfaction and performance of office staff as the key criteria in measuring lighting quality.

The index is based on the assumption that the three variables are interactive. It takes into account illumination levels, glare, light distribution, colour rendering and the extent of use of visual display units. The variables are measured individually.

Each element is rated and applied to a formula which gives a single light quality rating between 1 and 100, with the calculation carried out with Thorn's CSP Index software. A poor light quality rating can be improved simply by adjusting the variables in the lighting design.

The index can be calculated for offices and other buildings with conventional lighting.

Lynton McLain

Peter Knight explains how machines are taking over traditional counter services from assistants

Banks cash in on automated future

"IF WE fail to smile and say thank you – ask for your free gift!" This sign in a New York City bank does not prevent tellers behind bullet-proof glass yelling abuse at queuing customers who irritate them.

No wonder so many bank customers prefer machines. The majority, it seems, would rather queue at the automatic teller machine (ATM) outside in the rain than face the glums behind their shields inside.

Computer technology has always played a big role behind the scenes in banks. But now retail banks are attempting to replace their fusty institutional image with something more friendly. Computerised machines that issue statements, money and advice are integral to this strategy.

Some of the more progressive banks have realised that they have to make their machines friendlier too. Take Banque Bruxelles Lambert (BBL), the second biggest retail bank in Belgium. It provides its customers with an array of machines, including some known as banquéttes. These machines, with seats attached, are part of what BBL calls Self-Bank, a form of self-service banking. Self-Bank takes the established practice of lobby-banking – unmanned lobbies filled with ATMs – one step further.

Self-Banks offer two basic machines. The first is a simple ATM which dispenses cash, and can be used to transfer funds and order documents. Customers operate these machines while standing up.

The banquéttes are provided for those who do not need cash but want other services normally provided by assistants. While perched on your cushion you can set up direct debits, check your securities portfolio, peruse current foreign-exchange rates and check balances in your BBL accounts.

These machines – designed by BBL's technology department – also give access to the power of BBL's back-room computers. Two useful services are offered.

First, you can simulate financial deals, such as a higher-purchase offers. This is done through a series of questions asked by the computer. It will then tell you, for example, the length of time it would take to pay off a car at your desired monthly instalment, and what the interest charges would be.

The second is a personal tax service which helps you fill in the complicated Belgian tax form. The machine then computes how much you owe, or are owed, by the state.

"Young people certainly like the Self-Bank system more than the older customers," says a bank representative. "But we think it is successful and we will have 140 Self-Banks by the end of 1991."

While the customer avoids queues and the possibility of a grumpy teller, the bank also benefits by transferring tiresome and expensive transactions, such as balance inquiries, to the machines. "Time is money for the customers and for us," says BBL.

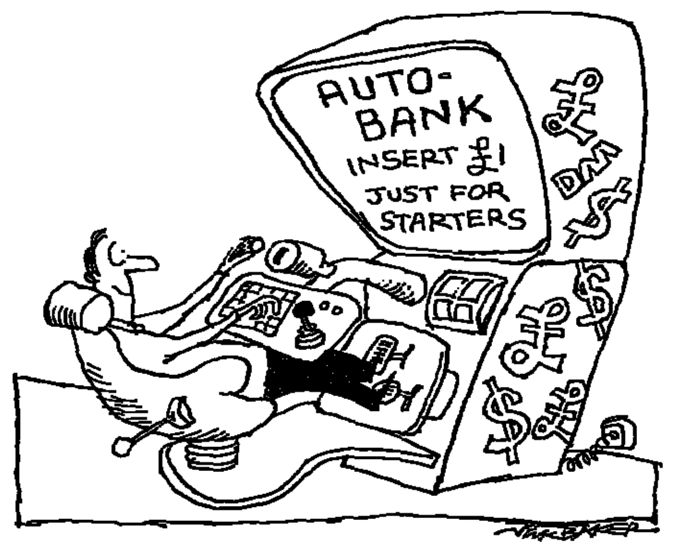
With increasing deregulation of banking services around the world, the relationship between time and money is placing pressures on retail banks. As competition increases, profit margins shrink.

Banks are looking to machines to both increase and improve their range of services. Machines can also reduce overheads.

Furthermore, by getting customers to do the simple transactions themselves, staff are relieved of the pressure to do mundane jobs. They can then concentrate on more profitable business: selling financial products, such as loans and insurance.

Machines are also integral to the selling process. The assistants – those who used to be known as tellers but are now called consultants – will use computers on their desks to provide a quicker and more efficient service to the customer. This can be achieved, for example, by being able to call up customer details on a computer screen at the assistant's desk.

Bankers, though, are still somewhat cautious about changing their traditional methods. They might be pulling down the bullet-proof shields and relying on machines to handle cash, but they are resisting the call from some consultants and manufacturers of bank machines to go all the way.



Nirvana for such manufacturers is self-service banking where your local Barclays resembles a supermarket. Philips, a supplier of computer systems to banks, demonstrated what it thought the ideal bank should look like, at its biannual banking conference held this year in Wiesbaden, Germany.

The company set up a futuristic bank branch where the customer had to pass wandering "consultants" selling financial products before they got to the "bread and butter" banking, such as a cash machine, at the back of the store. The idea was based on the supermarket practice of exposing customers to high-profit goods on their way to find the special offer baked beans at the back.

While banks see chances to reduce overheads and improve service by changing the style of their branches, bankers also want to give customers the chance to stay away altogether and do their banking by phone.

The extreme version of this attitude is the UK's Firstdirect, a retail bank that has no branches. All transactions are done by customers talking to bank staff on the telephone at any time of day or night. Firstdirect is owned by the Midland Bank, which has a network of branches and ATMs where Firstdirect customers can get cash and deposit money.

Although most bankers are sceptical about Firstdirect's chances of success, it is acknowledged that branches are becoming less important because technology can replace many of the jobs done by people.

"The 1990s will be the decade of the death of bank branch offices and a time in which new distribution channels will be rapidly established," Goran Hallen, president and head of Sweden's Nordbanken's consumer banking division told the Philips conference.

Banks are especially keen to use computerised telephone connections where customers do much of their banking on the phone without people being involved. There are three main systems available. One allows the customer to speak to the computer (voice recognition) and another demands tones generated by hitting certain keys on a tone-type telephone (producing a voice response). The third connects a home computer or television set to the bank's computer, via the telephone.

Although these systems work reasonably well in countries such as Sweden, the UK and Thailand, the general mass of customers do not like them because they either require the use of complicated technology (computer-to-computer links) or, as in the simple telephone, do not display the transaction.

Citibank, the consumer arm of Citicorp of the US, believes it can overcome this resistance while keeping the technology simple. It has developed a telephone with a small screen between the cradle and the dial pad, which it calls the Enhanced Telephone (ET). The ET enables customers to see their transactions on the screen, which should give the necessary confidence to those who think they might hit too many noughts by mistake.

Banking by phone is seen as just one weapon in the banks' assault on the market. For bankers have discovered consumer marketing techniques and now talk as much about current accounts as they do about financial products, market niches, segments and even demographic micro-segments.

BBL of Belgium has brought in a former Unilever marketing specialist. His talents at marketing such things as washing powder and margarine are now at work trying to sell financial products. Using technology as a sales aid is essential.

For example, the northern Italian banking group Cassa di Risparmio di Verona is thinking of setting up a telephone banking system for customers who want the service. But, more important, it sees the system providing important back-up for financial product salesmen in the field who can use the system for customer demonstrations.

Gotabanken, a leading Swedish bank, is considering a system called Work Banking. Here customers can gain access to their accounts via their computer terminals at work. The bank thinks employers will prefer their employees to spend a short time on the terminal rather than taking time off to visit a branch.

Banks are certainly not short of ideas to attract customers. It appears the only retail marketing technique they have yet to consider is olfactory stimulation. This is where supermarkets, for example, pump the smell of baking bread at customers who love the aroma and then buy more than they need.

Unfortunately for banks, the actual smell of money is less attractive.

Biotech windfall from the Soviets

By David Fishlock

Soviet biotechnologists have licenced three potential treatments for Aids to Oxford Virology, a small London-based biotechnology research company, for development in the West. The British company believes it has chanced upon a windfall of worthwhile bio-innovations, from novel insecticides to heart drugs.

According to Derek Lennon, managing director of Oxford Virology, the Soviet Aids compounds show similar efficacy to zidovudine (AZT), the Wellcome drug, on the basis of laboratory testing, but they are all non-toxic. The compounds are chemically modified forms of a plant extract. One the Soviets call niglizini has just begun clinical trials in the Soviet Union.

Oxford Virology is planning tests with Britain's Medical Research Council, which manages the national Aids research programme, to confirm the Soviet laboratory data. It hopes to find a pharmaceutical company to undertake clinical trials.

The company already has a promising Canadian Aids "cocktail" being tested in monkeys in a Canadian government laboratory. Its Canadian scientific associates are well respected in the Soviet Union, Lennon says.

Oxford Virology has contracts that cover patenting of Soviet biotechnologies, marketing of biotechnology products and processes, and introductions of Soviet organisations to joint ventures with western companies.

Under these contracts, which Lennon signed in the "science city" of Novosibirsk this month, Oxford Virology has 50 per cent of the rights to innovations from the Institute of Molecular Biology, where the Aids compounds were discovered. But he is being pressed by Soviet biotechnologists to undertake a more ambitious programme of technology transfer on their behalf.

One proposal is that his company should have rights to the discoveries of the entire chain of 36 Biopreparat companies engaged in pharmaceuticals, biological preparations and animal feedstuffs.

Oxford Virology, set up four years ago and floated publicly last year, is a research company specialising in virus technology, including viral insecticides, a natural and highly specific way of controlling pests. The big attraction of viral insecticides is that they are not toxic to animals.

Soviet scientists have cultivated seven viral insecticides on a substantial scale. Among them are agents for controlling gypsy moth, cabbage moth and cotton worm moth, all used in the Soviet Union. "We think this will be a very big market for us," Lennon says.

He adds that his contracts authorise him to represent commercially the biochemical research institutes of Novosibirsk in all matters where there is no prior agreement with a western firm.

The Soviet connection is Naucho-proizvodstvennoe Objedinenie Vector (NPO Vector), an organisation devoted to biotechnology and bio-engineering. NPO Vector, set up in 1985, has its own laboratories, pilot plant and experimental farms. Its director, L.S. Sandakhchiev, a member of the Soviet Academy of Sciences, signed the contracts on behalf of the Soviet Union.

NPO Vector employs about 4,500 staff, including more than 600 scientists. The innovations it claims range from a powerful but non-toxic thrombolytic ("clot-busting") drug, to computer software for molecular modelling.

It is one of many NPOs set up when the Soviet government freed Soviet innovators from the bureaucracy of the big Moscow trading houses that preceded perestroika, and allowed them to negotiate entrepreneurial contracts. "What impresses us is that this is a first-class organisation," Lennon says.

Lennon is a chemical engineer with experience of exporting petrochemical plant to the Soviet Union. He made contact with the Soviet scientists when a team of seven senior scientists attended a biotechnology conference in Oxford University in 1989, organised by GB Biotechnology, a Welsh research company selected by the Soviet scientists as a way of gaining introductions to British biotechnologists.

CINEMA

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AIR AMERICA
Roger Spottiswoode

ARACHNOPHOBIA
Frank Marshall

THE NASTY GIRL
Michel Verhoeven

SECRET WEDDING
Alejandro Agresti

1991 is here and we start with a story of Creation. In the beginning there was an avant-garde British film-maker (Derek Jarman), a cast of cronies and stretch of beach at Dungeness. And the God of cinema said, "Roll the cameras." And they did roll. And behold, the best British film in years, *The Garden*, emerged.

Jarman knows few rules as a film-maker and is barely a law even unto himself. Armed with video and Super-8 cameras, he allows his brain to detonate with ideas and then paints those ideas onto the screen. Costume-trunk kitsch mixes with fiery abstraction. And as films like *Sebastiane*, *Jubilee* and *The Last Of England* show, his approach to conventional narrative is roughly the same as a mugger's approach to a passing pedestrian.

The Garden is part modernised Biblical fable – the gardens of Eden and Gethsemane as perennial, polar emblems of innocence and persecution – and part Prospero-like autobiographical meditation. Most of the film was shot on the beach where Jarman lives, works and walks his imagination. By trick photography and video effects, he turns it into a poetic inferno. There are wild skies, tinsel-sparkling seas and cut-out ships on the horizon. There are armies of baying persecutors with flaming torches. There is a mysterious row of old ladies at the sea's edge, making music with the rims of wine glasses. (Are they Norns or distaff versions of Christ's disciples at the Last Supper?)

If these cyclical images are the refrain in Jarman's visual poem, the stanzas are the mock-Biblical vignettes full of a (homosexual) artist's rage, wit and sadness. The Eden serpent is a crawling leather-boy wielding a dildo. Adam and Eve are two male lovers who later become a dual Christ. Mary Magdalen is a drag queen. (This brilliantly restores social leprosy to the character in an age when Feminism has canonised the prostitute as a martyr to male supremacism.) And Pontius Pilate holds court in a sauna, where hedonism is on permanent tap and so are supplies of guilt-rinsing water.

The film is the New Testament re-written for the age of Aids and vauntingly proposing the homosexual as that age's sacrificial innocent. (Jarman himself is gay and has been diagnosed HIV-positive.) But the movie makes ripples far beyond that first iconoclastic "splash", stirring thoughts about the place of art, love and faith in a brayingly Godless society. And Jarman himself never succumbs to self-pity or self-glorification even in the few scenes in which he appears: as a bedridden figure at the sea's edge or an artist-mage poring over his desk. The film is a mixture of pain and poetry, ferocity and celebration. And after the equal but opposite shortcomings of Jarman's recent work – the Doomsday hectoring of *The Last Of England*, the dutiful pieties of *War Requiem* – it is a movie in which passion and control miraculously come together.

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Gardens, the Book of Genesis teaches us, are places so beautiful and innocent that they invite corruption. In the week's two Hollywood offerings, *Air America* and *Arachnophobia*, two earthly Paradises succumb to evil. The first is Laos, bombed and blighted by American aggression during the Vietnam War. The second is a quaint Californian small town invaded by killer spiders. (Note to film-makers and filmgoers: there *are* no quaint Californian small towns. They have all been wiped out by the geo-spiritual spread of Los Angeles and Hollywood).

Ever since the Western died, American cinema has searched for replacement stories in which virgin locales can be deflowered by the thunderous battle between Good and Evil. *Air America* is an Eastern Western or horse-opera with helicopters. Mel Gibson, wised-up veteran, and Robert Downey Jr, wet-eared newcomer, fly for the commercial airline hired by the CIA to drop arms and supplies for friendly natives and bombs on unfriendly ones. This situation is fine: your basic cowboys and Indians. But true corruption steals in when drug-running is revealed to be part-financing the war. Can Mel and Robert blow the gaff and then the whistle?

In *Under Fire*, director Roger Spottiswoode blew life into another war zone with dubious US involvement, Nicaragua. But *Air America* is a bland concoction with a high balderdash content and a dash of hypocrisy. While relishing its high-adventure plot – crash-landing planes, soaring or plummeting helicopters – it tries to tut-tut resonantly at its elected moral villains. These include the usual bunch of weak, conniving officers and foolish fact-finding senators: all the sacrificial caricatures of a nation trying to live down a lost war by appointing altar-ready scapegoats.

Arachnophobia is at once more innocent and less fun. Directed by longtime Spielberg producer Frank Marshall, it earnestly pieces together the plot elements of a 1950s-style creature screecher, school of *Them* or *Tarantula*. But the worried frown of the makers as they pore over their pastiche-kit communicates itself to the film.

As the deadly South American spiders move in on a California town, breeding in the barn of doctor Jeff Daniels and family, we expect screams, giggles and frissons. We expect to be swatting our popcorn in mistake for a tarantula. Instead we find ourselves smiling with dutiful, lockjawed goodwill as the curtains rustle, the bed-blankets make moving mounds or the shower-heads offer hot and cold running arachnids. Main problem: there is menace but no madness. The tonal absence is obvious from the beginning, in which Julian Sands plays the nutty spider professor with all the flamboyant dementia of an Ibsen scholar discovering a lost semi-colon in a draft of *Rosmersholm*.

The heroine of Michel Verhoeven's corrosive German comedy The Nasty Girl discovers things worse than spiders in her home town. Secrets of its Nazi past leap up to catch young Sonja (Lena Stolze) by the throat. She screams, she gurgles, she points the finger: but she is studiously ignored or quietly persecuted. No wonder, foolhardy girl. She is converting an inflammatory school essay on "My town under the Third Reich" into a thesis-length exposé for publication.

The style more than the story delights. The hell with docudrama grittiness, Verhoeven seems to have decided, let us have the epic tableau style of Meister Brecht; or extend that style into the surreal after Meister Syberberg. Vistas blown up from old photographs substitute for real townscapes. Backdrops – a library, a town square – change like lantern slides behind the foregrounded heroine. And in one scene an entire living-room complete with grandfather clock seems to waltz through the city centre.

Character and action are artificialised to match the surreal kilter of the decor. Judges are slumbering stumbling-blocks to justice; children are neo-Nazi delinquents who attack prams; and Sonja's teacher-husband turns from mentor to martyr at a stroke when he hurls himself on a stick of explosives meant for his wife. Verhoeven won a Best Director Silver Bear at Berlin and should have won the Golden Bear shared by *Music Box* and *Lark On A Wire*. *The Nasty Girl* is everything good agitprop should be: witty, intelligent, ill-behaved and scalding to the touch.

Secret Wedding was also a Berlin hit. What is this? The first week of 1991 and already we are shaking the finest fruits off the festival tree? Made in Argentina, Alejandro Agresti's tale of a political prisoner returning to his village after 13 years as a *desaparecido* is a Byzantine tragicomedy worthy of G.G. Marques. Greeted by a conspiracy of witting or unwitting non-recognition, even from his faithfully pining girlfriend, he finds he is a human ghost in a town which has re-mapped history. Denounced by the priest as an impostor and by the town's officials as a KGB agent, he ends up heading dolefully back to oblivion.

Shot with a sardonic flamboyance – soaring crane-shots, vertiginous angles – the movie marries Wellesian visual style to an mournful wit exquisitely and definitively Spanish.

Nigel Andrews

Sacrificial innocents: Kevin Collins and Johnny Mills in Derek Jarman's 'The Garden'

A heady cocktail of criticism

Robert Hughes is an Australian in his forties who lives in America and is art critic of *Time* magazine. Three years ago Hughes scored a well-deserved success with his history of the transportation of convicts to Australia, *The Fatal Shore*, which apart from a huge sale here won two distinguished British literary prizes, the W H Smith and the Duff Cooper. Before that Hughes was known to the British public through a television series, *The Shock of the New*, which told the story of art from 1880 to the present day.

British viewers recognised Hughes to be an expounder of the niceties of pictorial composition and the complexities of art history to rival the best of our own television pundits in this field, such as Kenneth Clark and Edwin Mullins. Hughes's comprehensively screened series on the "shock" period can be read in the book of the same title, published by the BBC in 1980, with – unlike the present book – plentiful illustrations of the works he cites to back his pungently expressed argument.

Nothing If Not Critical is largely made up of Hughes's weekly pieces for *Time* throughout the 1970s and '80s topped by a longer essay on "The Decline of the City of Mahagonny" making the point that the boom in art consumption and investment over the past couple of decades in the US is not to be equated with any corresponding increase in genuine art-appreciation. On the contrary, hope has been submerged by hype – as the tailpiece, a poem in the manner of *The Dunciad*, demonstrates in rhymed couplets updating the names of the dunces. Also included in the collection are one or two longer essays, which first appeared in *New Republic* and *The New York Review of Books*, on Berenson, Tom Wolfe, Jean Baudrillard.

The historical perspective is even wider than in *The Shock of the New*. Holbein and Goya are just two of many old masters discussed; we work our way, via the stepping-stones of innumerable retrospectives and one-man shows, through the 18th, 19th and early 20th centuries, to such contemporaries as Lichtenstein, Warhol, Bacon – to name but a few – and a whole string of younger American artists of whom Hughes gives enticing or cautionary accounts. Many of these, possessing established reputations in America, are barely more than names this side of the Atlantic. Like several critics either side, Hughes evinces a strong distaste for the work of Julian Schnabel. The more they slam this artist of the broken plates, the more paintings he seems to sell at ever more astronomical prices.

By the time the British reader is half way into Hughes's book he feels very much of a country cousin. True, we have our grand treats like the Monet, but not in such ubiquitous plenitude as appears from Hughes's energetic to-ing and fro-ing from New York to Chicago, to Washington DC and all points west.

"The Brooklyn Museum's entrance hall", he tells his readers in 1986, "is a period room of the recently lost future, haunted by a peculiar American dream from the days when model-airplane kits were still mostly balsa... Your trousers shorten as you look." That quip leads into a consideration of "The Machine Age in America, 1918-1941" which is just the kind of overall theme involving historical expectation, architecture, engineering, design and aesthetics, to which Hughes really warms. He shows how the machine – an instrument of death – after the first world war was transformed into the tool of the new utopia.

Like this admirable essay, most of the pieces have the kick of a good American cocktail and as such it is unwise to down too many of them at a time. The need to be on a permanent high makes Hughes sometimes over-flip; Jackson Pollock is Jack the Dipper, de Kooning is Hurricane Willem, and Alex Katz (who paints pretty women in lofts) "the Norman Rockwell of the intelligentsia", while Rockwell himself, in a warm obituary tribute, is Norman Normal, the Rembrandt of Punkin Crick. An 18th century wine-cooler, in "The Treasure Houses of Britain Exhibition" which Hughes wickedly sends up, is "half the size of a Jacuzzi".

It is re-printed journalism, to be sure, but so was one of the most influential books of art-criticism ever published, Roger Fry's *Vision and Design*, containing a selection of the author's previous 20 years work as a critic. Exactly 70 years separates the two collections. Put side by side they show what has happened to art criticism during that period. Fry's cool, penetrating, donnish Bloomsbury prose, deals with an art world that is wholly London – or Paris – based yet it takes in Islam, Negro sculpture, the art of the Bushmen, as well as Giotto, El Greco, Ingres, Renoir and Cézanne (a new discovery). Fry's approach to a work is always through its inner values. He is writing at a time when the great private collectors in Europe were often great scholars. His foremost concern is what happens to us when we look at a painting. He sees the artist, through the eyes of the bourgeois, as "a strange species half idiot, half divine, but above all irredeemably and irresponsibly himself". The "investment" we make in a work of art is for him primarily an emotional not a financial one.

Hughes sees an artist as the product of social pressures like everyone else, and he deals with the art market intermittently throughout and at some length in a re-printed lecture on "Art and Money". Hughes plants himself squarely at the intersection of art and politics. He signals Picasso's "Guernica" as the last of the great political pictures. One of the most seminal, he explains, and from which Picasso's stems, was Goya's "The Third of May 1808: The Execution of the Defenders of Madrid". Hughes finds almost everything he needs to write about in America, though he does fly to Paris sometimes and to London for the Stubbs and Reynolds shows at the Tate.

What the Impressionists and Post-Impressionists were to Fry, the American Abstract Impressionists, Pollock, de Kooning, Rothko, Newman, David Smith, Gorky, Gutson, Krasner and Motherwell, are to Hughes – a constant preoccupation. It is a collection to put on one's art-criticism shelf beside not only Fry but also John Updike's *Just Looking* and the poet John Ashbery's *Reported Sightings*.

Anthony Curtis

NOTHING IF NOT CRITICAL
by Robert Hughes
Collins Harvill £16, 412 pages

Public performances of private poetry

Poets relate to their own poems in all sorts of ways when they are performing. Some seem to be throwing the poems away, as if disowning them or, at best, emphasising that they are not private but public property. Others clasp them to their bosoms, taking pride in their nurslings, not letting them grow up or assume an identity of their own. A third kind read as if they had just chanced upon them blowing about in the street – they are neither for nor against them, these things are simply objects of idle curiosity. Some of these forms of ownership strike the listener as healthy, perfectly natural; others make you feel uneasy about both poem and poet.

Norman MacCaig, the man the Scots call their greatest living poet, is of the first kind. MacCaig was 80 in November and the recent reading at the Poetry Society to celebrate the publication of his *Collected Poems* paid tribute to his longevity – and to the durability of his talent. There are 700 poems in the book, most of them fairly short, and every one is beautifully made and clearly expressed. MacCaig is an endearingly unpretentious reader, wholly at ease with himself. He is thin, lanky, with a steely, hawk-like gaze, and the only thing that seems to give him much trouble are the aches in his legs – "O decrepitude!" he muttered to himself, wincing, as he rose from his chair to read. He reads not from his published books but from the typed originals, shuffling his pieces of paper as if they are an unruly pack of cards.

He is not a man much given to brooding, melancholia. His poems stand outside him; they mirror the world he inhabits with crispness, humour, exactitude. They light up the landscape of Scotland, but especially that of Sutherland – its mountains, lochs, rivers, cloud-scapes. He is highly sensitive to shifts in the quality of the light; whole poems can be crystallised by seasonal moments. When he reads he is more likely to choose a recent poem than an early one – which says something about the way he likes his life; optimistically, in the present, unencumbered by self-regard. The way in which he introduces the poems can be as lyrical as the poems themselves. In setting the scene for one written in praise of a small sheep dog that "flowed through fences like a piece of black wind", he informed us that its landscape was "steep and brackeny and bouldery" – a marvellously evocative combination of adjectives.

Carol Ann Duffy is a poet whose tone of voice and delivery help to fix exactly the nature of the poems that she writes. She seems to strike a gesture of defiance when she reads. Her voice has quite a harsh edge, slicing through what she perceives as the cant, the hypocrisy, the crude mammon-worship of our times. In my mind I listed all the things that she was not as I listened to her recently at the Blue Nose Cafe trampling on the Thatcher years in "Weasel Words", a piece of knock-about satire that mocks Sir Robert Armstrong's explanation that he was being merely "economical with the truth" when he lied during the Spycatcher trial. Duffy is not: suave, cultivated, dignified, elegant, or even very precise in her articulation of her own words; she does not have a clear, various, ringing voice. Instead, she is wary, foxy, cornered, pugnacious, harsh, sarcastic, almost spitting out her taunts, She throws words into our faces like a bucket of cold water. She can be a harsh tonic – and an extremely effective one, causing us to reflect upon the pusillanimous gentility, the diffident mysticism of so much of the poetry that gets written and published; of how little it seems to measure up to the present, its discontents, its malcontents.

Polish poet and playwright Tadeusz Ro'zewicz is a great mistruster of things – myths, archetypes, overblown sentiments. His is an art of plain speaking. But this plainness is not to be confused with simplicity. It is the plainness of the parable, the enigma of the seemingly simple story – of the road that seems straight to the eye but, all of a sudden, takes an unexpected turn. It is also the plainness of an intellect that has been purged by suffering (born in 1921, he joined the Resistance during the war), a poetry of "salvaged words".

He was joined at a recent reading at the Voice Box by his translator, Adam Czerniawski, and the subtle interplay between the two helped the listener to measure the difficulties that any translator must experience when he seeks to render the unique tone of any poet's work. Rózewicz is a short, stout man who gestures minimally and seems to speak from deep inside his throat – the sound comes out a little muffled, almost as if he were speaking from behind a screen. He never projected his poetry at the audience; he never declaimed. He never tried to persuade us – in the manner of a Brodsky – that poetry is something utterly different from prose. His delivery was very deliberate, almost hesitant. He paused between lines, exploring temporal space. The translator always read the English version first and, by comparison, his words, his manner of delivery, seemed almost jaunty.

Generally speaking, the poems are short, almost laconic (Czerniawski had to read one poem twice because the poet had cut it "in the last day or two"), and perhaps the one that made the greatest impression that evening was "A Tale of Old Women", a poem that speaks of how the ordinary manages to survive in the teeth of tribulation. But it is also about what survives of poetry when it is purged of its inessentials – its rhetorical flourishes, its self-important claims.

Rózewicz seemed no longer to be passionately engaged with his poems. He had an aura of scepticism about him that simply said: here they are – and that is what we were... Which was itself impressive, given the nature of his achievements.

Michael Glover

INTERNATIONAL
ARTS GUIDE
TODAY'S EVENTS

AMSTERDAM

Concertgebouw 20.15 Oliver Knussen conducts the Hague Residentie Orchestra in music by Elliott Carter, Heinz Holliger and Oliver Knussen. Ole Boehn is soloist in Carter's Violin Concerto and John Snijders plays Night fantasies for piano solo. Tomorrow: Mark Wigglesworth conducts National Youth Orchestra in Mozart and Mahler (718345)

BERLIN

MUSIC
Staatsoper unter den Linden 19.00 *Les Contes d'Hoffmann*. Sat: La traviata. Sun: Der fliegende Holländer (2004 762)
Komische Oper 19.30 La Bohème, a Harry Kupfer production conducted by Joachim Willert. Tomorrow: Der Freischütz (2292 555)
Schauspielhaus 20.00 Berlin Symphony Orchestra under American conductor George Byrd plays Bernstein's *Divertimento*, Gershwin's Piano Concerto with soloist Peter Jablonsky, and Frankensteinil pandemonium for voice and orchestra by H.K.Gruber. Also tomorrow and Sat (2272 261)
DANCE
Deutsche Oper 18.00 Ring um den Ring, joint production by Deutsche Oper and Béjart Ballet Lausanne, four hours of Wagner's music choreographed by Maurice Bejart. Repeated tomorrow. Sat: Aida with *Julia Varady in title role* (3410 249)
THEATRE
Berliner Ensemble 19.00 Galileo Galilei directed by Manfred Wekwerth and Joachim Tenschert, music by Hanns Eisler. Sat: Mother Courage. Sun: The Threepenny Opera (2827 712)

BONN

Oper 19.00 Die Frau ohne Schatten conducted by Dennis Russell Davies, with Paul Frey, Anna Tomowa-Sintow, Ute Vinzing and Siegmund Nimsgern, repeated Sun. Tomorrow: The Nutcracker, choreographed by Yuri Vamos. Sat: *Rigoletto, with Leontina* Vaduva as Gilda (773667)

COLOGNE

Philharmonie 20.00 Post This and Neo That, jazz spectacle, repeated tomorrow (2801)
Schauspielhaus 19.30 Das Ganze ein Stuck, Frederike Roth's experimental play directed by Gunter Kramer (221 8400)
Schlosserei 20.00 The Seven Deadly Sins by Bertolt Brecht and Kurt Weill (221 8400)

DRESDEN

Semperoper 19.00 Der fliegende Holländer, with Hänsel und Gretel tomorrow and Falstaff on Sun (4842 731)

FRANKFURT

Alte Oper 20.00 Broadway production of West Side Story, repeated tomorrow and Sat (1340 400)
Kammerspiel 20.00 The Caretaker *by Harold Pinter* (236061)

HAMBURG

Staatsoper 19.00 Gerd Albrecht conducts Alfred Kirchner's staging of Idomeneo, also Sun. Sat: Hänsel *und Gretel* (351555)
Deutsches Schauspielhaus 18.00 Wunschpunsch, new play by Michael Ende (248713)

LEIPZIG

Opernhaus *19.30 Il trovatore*, new production by Giancarlo del Monaco, designed by Peter Sykora. Sat: Der fliegende Holländer (7168 273)

LONDON

MUSIC
Coliseum 19.00 English National Opera production of Pelleas et Melisande conducted by Mark Elder, staged by David Pountney, with *Willard White as Golaud*. Tomorrow: The Love for Three *Oranges* (836 3161)
Queen Elizabeth Hall 18.00 The Ring Saga Part One: Alberich's Curse. Two-part reduced version of Wagner's Tetralogy by City of Birmingham Touring Opera. Part Two on Sun (928 8800)
DANCE
Covent Garden 19.30 Royal Ballet production of The Nutcracker conducted by Mark Ermler, with Viviana Durante and Errol Pickford *in principal roles*. Repeated at 14.30 and 19.30 Sat (240 1066)
THEATRE
This week's shows include Pinter's The Homecoming directed by Peter Hall (Comedy, previews), Joan Collins in Private Lives (Aldwych), Miss Saigon (Drury Lane), Andrew Lloyd Webber's Starlight Express, Aspects of Love and Phantom of the Opera, Ayckbourn's Man of the Moment (Globe) and Absurd *Person Singular (Whitehall). Phone* Theatreline: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

MUNICH

MUSIC
Staatsoper 19.00 Otto Schenk's *production of Die Fledermaus*, with Pamela Coburn and Hermann Prey, also Sat. Tomorrow: Un ballo in maschera with Aprile Millo and Peter Dvorsky (221316)
DANCE
Philharmonie 20.00 Russian State Ballet in extracts from Swan Lake, Sleeping Beauty etc. Also Sat (48098 614)
THEATRE
Kammerspiele 19.30 Ibsen's The Lady from the Sea directed by *Thomas Langhoff* (23721 328)
Cuvillies-Theater 19.30 Goethe's Clavigo. Tomorrow: Arthur Schnitzler's Zwischenspiel (221316)

NEW YORK

MUSIC
Avery Fisher Hall 20.00 Zubin Mehta conducts New York Philharmonic Orchestra in Bruckner's Seventh Symphony and the New York premiere of a recently discovered piano concerto by Liszt, with soloist Jerome Lowenthal. Repeated tomorrow at 11.00 and Sat (874 2424)
THEATRE
This week's shows include Assassins, *new musical* by Stephen Sondheim (Playwrights Horizons), City of Angels, musical about Hollywood in the 1940s by Larry Gebhart (Virginia), Black and Blue, an evening of classic jazz and blues with tap-dancing (Minskoff), *Monster in a Box, one-man show* by Spalding Gray (Lincoln Center) and Six Degrees of Separation, new play by John Guare (Lincoln Center). Ticketron (239 6200) answers inquiries and sells tickets

PARIS

MUSIC
Opera Bastille 20.30 Recital by soprano Anne-Sophie Schmidt in Amphitheatre (4001 1616)
THEATRE
Theatre des Bouffes du Nord 20.30 Peter Brook's production of The Tempest. Runs till March 2 (4607 3450)

PRAGUE

National Theatre 19.00 The Devil and Kate, comic opera by Dvorak. Sun: Bohumil Gregor conducts From the House of the Dead
Smetana Theatre 19.00 Madam Butterfly. Tomorrow: Don Giovanni

ROME

Teatro dell'Opera 20.00 Tosca, with Raina Kabaivanska and Ingvar Wixell, also Sat (463641)

STOCKHOLM

Royal Opera 19.00 Manon, three-act ballet choreographed by Sir Kenneth MacMillan, conducted by John Lanchbery, music by Massenet. Tomorrow: *Les Contes d'Hoffmann*. (248240)

UTRECHT

Vredenburg 20.15 New Year's concert with orchestra, soloists and dancers from Budapest. Sun at 14.00: Netherlands Radio Philharmonic Orchestra conducted by Jean Fournet play Martinu's Sixth Symphony and music by Frank Martin (314544)

VIENNA

Staatsoper 19.00 Samson et Dalilah conducted by Georges Prêtre, with Placido Domingo and Agnes Baltsa, also Sun. Tomorrow: Der fliegende Holländer with Bernd Weikl in the title role. (51444 2960)
Volksoper 19.00 Die Zauberflöte. (51444 3318)
Musikverein *19.30 Zilina State* Chamber Orchestra conducted *by Tsugio Maeda play Mozart and* von Einem (505 8190).

Telephone sales of tickets for Staatsoper and Volksoper available worldwide for holders of credit cards by ringing Vienna 5131 513

WASHINGTON

Kennedy Center Opera House 20.00 Grand Hotel, Broadway musical. *Ends Sun* (467 4600)

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Democracy in Nigeria

THE ill-wind from the Gulf has blown life into the Nigerian economy. After a decade of falling living standards, black Africa's most populous state is starting to enjoy the benefits of an oil windfall. By happy coincidence it comes as the phased return to democracy, culminating in presidential elections by October 1992, gets under way. President Ibrahim Babangida nevertheless faces challenges on both the economic and political fronts.

Doubts persist about the calibre and integrity of economic management, notwithstanding the implementation since 1986 of a structural adjustment programme endorsed by the IMF. And although the objective of a civilian government in 1992 is admirable, the process may be fatally flawed.

Mr Babangida was right in his New Year budget address to take a cautious stance on prospects for world oil prices, basing the 1991 budget on $21 per barrel. There is no guarantee that it will turn out to be an underestimate, as was the case a year ago. Then Nigeria's planners assumed an average for the year of $16. After Iraq's invasion of Kuwait, however, the price reached $40.

The resultant bonanza has provided most of the funds for a 26 per cent increase in foreign exchange allocation in the coming year, much to the relief of an industrial sector in dire need of spare parts and raw materials. At the same time, substantial cuts in interest rates are in the pipeline. The country's minimum wage will be doubled.

The boost to the economy is timely, for the pain of austerity was contributing to political rumblings. Per capita GNP has fallen to less than $300, half the level of 10 years ago in real terms. It is also right to stimulate growth after reforms which have included substantial devaluation of the naira and rehabilitation of agriculture, and have also begun the privatisation of government and state owned enterprises.

Sceptical audience

But the government has yet to convince a sceptical electorate, as well as international creditors to whom it owes some $34bn, that much of the oil revenue will not be squandered, as it was in the 1970s.

They have reasons for concern, despite the praiseworthy reforms undertaken since 1986. Government management is still weak and corruption remains endemic. The government refuses to abandon white elephants – such as the Ajaokuta steel plant. This waste of resources has strained relations with donors, including the World Bank. Although conditions for the private sector have improved, the government still puts obstacles in the way of foreign investors.

Not surprisingly, creditors involved in negotiations to reschedule Nigeria's external debt wonder whether the additional resources made available through easier repayment terms would be put to good use.

Political unease

On the political front, an edifice designed to restore civilian rule is built on sand.

It got off to a bad start when in 1987 the government decided that only two political parties would be permitted. Thirteen parties applied for recognition. All were rejected by Mr Babangida because they represented "old lines of cleavage – ethnic, geopolitical, religious and class."

He had a further reason. Mr Babangida seems to have believed that if he dictated the parties' platform – support for his structural adjustment programme, as well as a commitment to the completion of the Ajaokuta project – he could ensure the survival of his economic policies.

So government foisted on the electorate two parties of its own creation: the Social Democratic Party, supposedly on the "left", balanced on the "right" by the National Republican Convention. Hardly any difference was apparent in their manifestos, drawn up by government officials.

An important test came last December, when the two parties contested local government elections. Less than 20 per cent of voters turned out for the soulless contest.

This week's boost to the economy is unlikely to end doubts about the viability of the transition to democracy, which is due go a step further at state elections later this year. Mr Babangida may discover that his attempt to dictate terms to his successor is as impractical as it is well meant. Market forces apply in politics as well as economics.

A watchdog for the press

NUMBER ONE Salisbury Square lies at the end of a narrow lane which leads to Fleet Street, where Britain's national newspaper industry was based before new technology scattered it across London. It was perhaps significant that even when most of the industry fled, the industry's watchdog, the Press Council, should have remained.

From this week, however, the Press Council too is gone, victim of the Calcutt report on privacy and a rash of parliamentary attempts to impose curbs upon Britain's press.

The Press Council's successor is the Press Complaints Commission, a body whose formation was recommended by Calcutt as a last-ditch attempt to force the British press to police itself upon pain of statutory rules on such matters as invasion of privacy and right of reply, with financial penalties for bad behaviour.

Too much, perhaps, should not be read into the fact that when Lord McGregor, the first chairman of the commission, reported for work yesterday, he did so to 1 Salisbury Square, since the commission has inherited the premises and staff of the unloved institution it has driven out of business. Given that Lord McGregor thinks he has only 18 months in which to establish the commission's reputation as an effective self-regulator of the press, he clearly has much to do to obliterate the memory of an organisation which was blamed, not always fairly, for being slow, uncommunicative and in the end plain ineffective in fostering public confidence in the press.

Credible team

Lord McGregor has a number of advantages over his Press Council predecessors. Not least is his own experience and reputation, including a successful period as leader of the Advertising Standards Authority. Even more important is the fact that the newspaper industry, which alternately ridiculed and ignored the council, has said it will support the commission and underscored the point by pledging a budget twice as large as the council's. Lord McGregor also has a credible group of commissioners which includes the editor of The News of the World, one of Mr Rupert Murdoch's racier publications. There is, however, no representative from the stable of Mr Robert Maxwell.

Swift action

The commission's central task is to provide swift – within weeks not months – adjudication on complaints that a newspaper has violated the code of practice reproduced on page six of today's FT. More difficult, it must then be able to show over time that offenders have reformed. All this must be achieved without benefit of any specific sanction; effective self-regulatory clubs are normally found to need at least the threat of damaging expulsion.

It is profoundly to be hoped that the commission succeeds in this uphill task, since statutory controls, too casually envisaged in the Calcutt report, would represent a very serious setback indeed to press freedom in Britain. The effects would be more harmful than the occasional, unruly behaviour of some tabloid newspapers.

On a broader canvas, the piecemeal erection of press controls would also further reduce the chances for either a less regulated environment for the broadcast media or a constructive debate about individual constitutional rights. The Calcutt sword of Damocles is there to be grabbed by any future government; it is not likely that the weapon would be used wisely.

That said, the Press Commission's code of practice has the wholehearted support of this newspaper. It sets out principles to which the FT has long been committed, including a code of conduct for financial journalists. Unlike other national newspapers, however, the FT has declined to appoint an ombudsman or reader's representative to handle complaints from readers. We take the view that this is and will remain the editor's responsibility, best performed without an intermediary.

The costs of unity and the economic split between west and east Germany will pose harsh choices in 1991, writes **Norbert Walter**

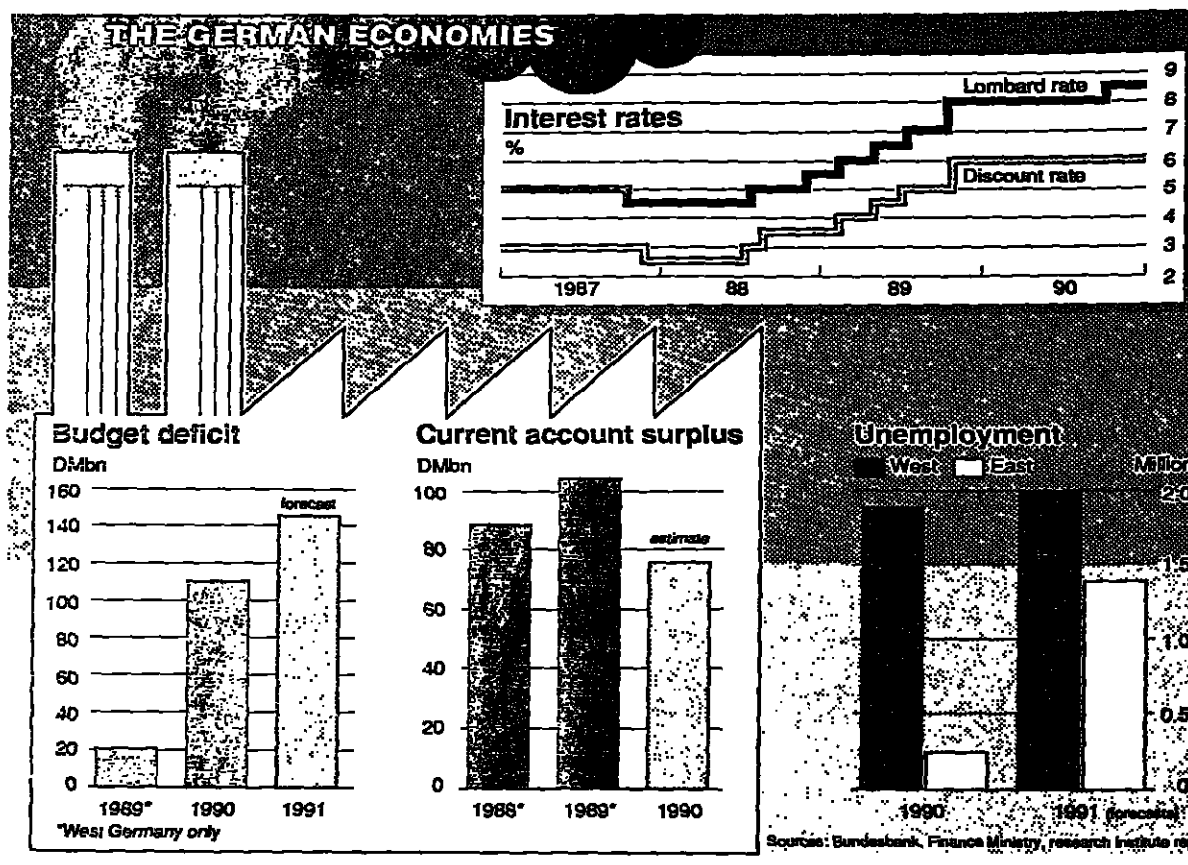
Country in a state of flux

Nineteen eighty-nine was the year of revolution: 1990 the year of elections and designing policies and institutions; 1991 will be the first in a series of years of hard work. Germany has made up its mind: it is determined to integrate its two parts. The problems are obvious: they have been identified. This normally is the prime (if not the only) precondition for successfully tackling them.

The economic scenario in Germany cannot be described by a set of average statistics. The country is split. The western part works at full capacity; skilled and unskilled labour is scarce; domestic prices threaten to accelerate; order books are filled, investment activities have reached records, retail sales are buoyant.

The eastern part of the country suffers from other forms of strain: it is undergoing the most abrupt structural change experienced in modern history. After economic and currency union, it was immediately confronted with competition from the most advanced western countries. Thus, shelves in former GDR shops were filled with western goods overnight; demand for east German products collapsed. Moreover, eastern bloc countries opening to the west themselves reduced their imports from former

FORECAST 1991 GERMANY



GDR companies. Other clients of GDR companies in the east ran out of foreign exchange. Consequently, production dropped precipitously in the new federal states. Only through generous subsidies (including liquidity credits) to companies was it possible to avoid a more massive fall. Because of this decline, unemployment soared in industry; even more pronounced was the rise in short-time work, now affecting more than 20 per cent of the labour force.

None the less, it would be inappropriate to suggest that the country was suffering but not gaining from this radical restructuring. The positive side to structural change is already obvious. During the first 10 months of 1990, 226,000 new businesses were registered in east Germany, more than half of them in the retail sector and the hotel and catering trade. Activity in the services sector in general has been upbeat since the middle of last year. Investment by west German banks and insurance companies was encouraging. The construction sector is currently picking up.

The western part of the country is not in all its segments "suffering" from over-employment. Of course, sectors that are strongly exposed to the international economy are adversely affected by the worldwide decline. This holds true particularly for the steel and chemical industry.

As in any other economy, the surge in the oil price after Iraq's invasion of Kuwait had its impact on Germany. Price increases were more pronounced and the current account worsened. Nevertheless, these effects remained limited. Consumer prices only rose by about 2¾ per cent in 1990 despite the oil price hike. The current account surplus, although declining from a good DM105bn in 1989 to DM75bn in 1990, still exceeds 3 per cent of Gross National Product.

Since 1989, monetary policy in Germany has been restrictive. Contrary to expectations throughout the world, not even currency union, with its DM-Ostmark conversion rate of 1:2, changed this. Monetary expansion remained under control, real interest rates stayed at record levels and the interest yield curve continued to be flat. The new money supply target for 1991 (4 to 6 per cent for M3), unchanged from 1990, indicates continuing restrictiveness.

The Bundesbank made it clear that it aims at the lower end of the target band as a guard against insufficient fiscal discipline in Bonn and excessive wage settlements. This implies, under all practical circumstances, continued monetary restriction until early summer 1991, and possibly stronger curbs in the meantime. This, in turn, implies – assuming a continued recessionary trend in the world economy – a strong D-Mark against the floating currencies and pressure for restrictive monetary policies in countries within the European Monetary System. The latter would hardly be welcome should there be a more pronounced economic slowdown. Pressure on foreign exchange markets for a realignment within the EMS would be increased – an event not unwelcome within the Bundesbank, but mostly considered as adding to problems in our EMS partner countries.

Thus the pressure will be on Bonn's fiscal policy. The budget deficit in 1990 was 4 per cent of GNP (after zero in 1989); in 1991 it will amount to 5 per cent. Such a fiscal stimulus is welcome only if resources are available. This certainly does not hold true for the western part of Germany. The resources available in eastern Germany, however, can only be re-employed if combined with western capital – financial, physical and human capital. If the resources drawn on came from west Germany only, capacity limits would be reached soon. This, incidentally, represents a good chance to tap resources in European and other Organisation for Economic Co-operation and Development countries, since they are experiencing a slowdown. Fiscal stimulation can thus be welcomed in Germany if there is sufficient spill-over of demand into partner countries.

According to the consensus of forecasts, the German current account surplus will drop by more than 2 per cent of GNP in 1991. The view has been voiced outside Germany that such a stimulus will, however, be compensated, if not over-compensated, for by the direct and indirect effects of Germany's monetary squeeze. This monetary transmission is made more effective by the fixed exchange rate regime of the EMS, since it passes on high German interest rates directly to partner countries.

While a theoretical case can no doubt be made for mitigating the impact of the monetary squeeze on Germany's EMS partners through a realignment of nominal exchange rates, empirical evidence suggests that trade flows are far less responsive to such price changes than incomes.

Given that the effectiveness of realignments in nominal exchange rates has been widely questioned on empirical grounds, the argument for a correction of German fiscal policies should not be based on its international macro-effects, but rather on its German micro-foundations. There is much reason to doubt its wisdom. A number of expenditures should be reviewed. The reduction of east-west tensions has made possible a curtailment of defence outlays. Many subsidies to companies in the west and even more in the east are questionable, since they help preserve outdated structures. Some of the transfers are too strong an incentive to people not to work, and certainly not in the official economy. A redesigning of government outlays is essential, with infrastructure in the new eastern federal states given priority.

Increasing taxes to finance the costs of unity is an ill-founded piece of advice given to the Bonn government. Germany is already over-taxed. Aggravating this situation will not improve the allocation of resources. Nevertheless, the Bonn government – under pressure from social democrats, the Bundesbank and international circles – is tending to move in this direction, which is anything but helpful. It would be much better if the Bonn government improved its budget by a more forceful privatisation effort not only in the east but in the west as well. Such as move would make – most importantly – the economy leaner, more flexible and efficient, and it would bring revenue into government coffers.

The most relevant institution in this respect is the Treuhand (state holding company) that owns 10,000 companies, employing about 5m people. This government institution should give up trying the impossible. Instead of attempting to restructure east German companies or at least to find candidates for takeover, it should "outsource" this job to as many competent international groups as possible. The Treuhand considers itself able to cope with a task which should, in fact, be tackled by tens of thousands of competent managers, and not by a few hundred well-intentioned government-appointed persons.

Wage policies in Germany are criticised as another source of misgivings over the future. There is some truth in that, but a lot of misunderstanding as well. At about 6 per cent, the present wage settlements in west Germany are certainly at the high end. Before too long, they will be considered too high for the traded goods sector, which has to compete with suppliers from the US or the far east.

Wage settlements, at 20 to 50 per cent in summer and autumn 1990 in east Germany, were considered outrageous and detrimental to future employment. This is true for certain industries and many low-skilled workers, or those in "socialist" professions. But these increases reflect market reality, especially where they relate to jobs in former border areas (and Berlin) and to workers who are skilled and mobile. It should be understood that more than half the workers of the former GDR could decide to come to western Germany daily. The number of commuters is already high.

Domestic demand is being fuelled by continued substantial immigration – another 500,000 in 1991 after close to 1m in 1990 and a similar figure in 1989 – adding 1 per cent a year to the population. A continuing process of creating jobs (in west Germany the number increased by more than 3 per cent in 1990), obvious investment opportunities in east and west Germany, and a surge in residential and non-residential construction will continue to characterise Germany.

The worldwide slowdown will free resources for the dynamic demand in Germany. Since the German economy is so strongly exposed to the world economy, a certain slowdown of the growth rate cannot be avoided. Thus, after a GNP increase of a good 4.5 per cent in 1990, a growth rate of some 3 per cent is to be expected for 1991. Fierce international competition, together with the strong D-mark, will keep price pressure at bay. The Consumer Price Index will increase by some 3.5 per cent in 1991, assuming an average oil price of $25 a barrel and an average D-Mark-dollar exchange rate of 1.45.

While the momentum of employment creation in west Germany is in force and will help to reduce unemployment further, the east German labour market has yet to reach its trough. Only after the shake-out of the unviable parts of east German industry during 1991 will an overall improvement of the job situation in the east be possible. Until then unemployment will continue to rise. A figure in the vicinity of 2m – more than 20 per cent of the labour force – cannot be ruled out.

It is to be hoped that Germany's special conditions will help the world economy and particularly western Europe not to drift into a fully-fledged recession. To this end it would be helpful if financial markets in the new year perceived the inflation risk for what it is: only a very remote danger. This would help to bring real interest rates down to less excessive levels.

It would make for a promising trend if Europeans were to embark fully upon a truly joint European policy. The inter-governmental conferences on political and currency union offer a chance. Instead of fighting lost wars over illusions of sovereignty, European governments should build a coherent European response to the global political, military and economic imperatives. The post-war era is definitely over. Nostalgia will not get us any further. Europe must not miss this chance.

The author is the chief economist of Deutsche Bank.

OBSERVER

Hacca's last puzzle

■ It is one thing for a member of the working class to die without writing a will. But when you are as rich as the late Robert Holmes à Court was reputed to be, then it can be a financial disaster for the surviving family.

The Australian Broadcasting Corporation said yesterday that the South African born Holmes à Court, himself a solicitor, had carried an unsigned will in his suitcase for 18 months before his death last September. The problem is that no one can find it.

Peter Patrikeos, the family's solicitor, says that there is no will as far as he knows. Once described as the "world's biggest loser" in the 1987 stock market crash, Holmes à Court, or Hacca as he was affectionately known, was still said to be worth A$800m at the time of his death.

Australia seems to be better equipped than some other countries to deal with this legal nightmare. Under Western Australian law if a person dies without a will the estate is divided between the spouse and any children. Holmes à Court is survived by his widow Janet, three sons and one daughter.

Under the Administration Act of 1903 the wife is entitled to the first A$50,000, followed by an additional A$50,000 and one third of the balance of the estate. The remaining two thirds are divided among the surviving children. Until the size of the estate is published, the scale of the potential problem is unknown.

Indeed, it would be surprising if Holmes à Court had not taken full advantage of the world's tax havens to shelter even his much shrunken estate from the hands of the prying tax man by setting up various offshore family trusts.

Nevertheless, the lack of a will is tantalising. Some entrepreneurs are superstitious about writing wills. But given his love for complicated deals he may just have wanted to test his lawyers with one last intellectually rigorous puzzle.

Hear the smell

■ The prize for the first oddball money-making idea of 1991 goes to Community Network, a charity providing telephone – linked "socials" for housebound people. It is organising a course in wine tasting – by telephone.

For a few pence short of £130 the participants receive 24 half bottles of wine, a set of course notes, A Guide to Wine by Maureen Ashley and six telephone tutorials with eight other enthusiasts. Four wines are tasted each session and their characteristics discussed down the line with other participants and the tutor.

Although about 30 full bottles of average plonk could be bought for the same money, response to the idea is said to be encouraging. The first course is planned to start in a few weeks time.

Big business

■ Yosemite national park, one of the most spectacular landmarks in the US, has turned into an unlikely battleground between Matsushita, the Japanese electrical giant, and Manuel Lujan, the garrulous US Secretary of the Interior.

Matsushita acquired rights to provide food, lodging and other services at Yosemite when it paid $6.6bn for MCA, owner of Universal Studios and MCA Records. Mr Lujan has been pressing the Japanese to hand over the concession rights, arguing that it would generate good publicity. Although Matsushita has agreed to sell, it refused to donate the company and put forward a compromise instead. Now, Mr Lujan is talking

"Oh God! They're still eating my leftovers."

tough.

"Happy New Year," he said in an interview; "a Japanese company now owns exclusive rights to do business in Yosemite." This week, he threatened to cancel the concession. "The Japanese company is a big firm, but it's not bigger than the US government."

All this may just be clever negotiating tactics, but Lujan-watchers will recall that the former US Congressman from New Mexico has a habit of shooting from the hip. He predicted that the Exxon Valdez oil spill would lead to a tourist boom in Alaska. He praised a mining company's plan to paint toxic refuse to blend in with the surrounding desert.

Insiders joke that his spokesman has issued more "clarifications" on his behalf than for the rest of President Bush's Cabinet combined.

Mr Lujan is not the first controversial Interior Secretary. James Watt, who was appointed by President Reagan, was forced to resign after making racist jokes. Donald Hodel, his successor, once advised wearing sunglasses as the best means of guarding against ozone layer depletion. But Mr Lujan is certainly the first Interior Secretary to join the growing band of Japan-bashers in Washington. Foreign investors in the US, beware.

Italian job

■ Why is it that Italy seems to be such a minefield for UK financial institutions? Barclays Bank lost a bundle in leasing and several other well known City names suffered heavily from the collapse of Banco Ambrosiano. Now Guardian Royal Exchange has retired hurt after losing over £70m on an insurance joint venture less than two years old.

Unlike Barclays, GRE should have been rather well connected in Italy. It did not make the far too common mistake of entering a potentially difficult new market on its own. SanPaolo, its Italian partner, is one of Italy's major financial institutions and should have been able to ask the sorts of questions that less worldly UK insurance executives might forget.

Charles Hambro, GRE's chairman and a GRE director since 1957, sits on the board of SanPaolo which in turn is the biggest investor in his merchant bank. David Cooper, a GRE general manager, and two of his colleagues joined the board of the Italian venture. Presumably, they were learning Italian.

The finger is now being pointed at Acqua Marcia, the vendor of the ill-fated Italian operation. Heads rolled at General Accident after its recent disastrous New Zealand investment. It will be interesting to see whether the same happens at GRE.

Look no further

■ Card in the window of a Birmingham junk shop; "If you don't know what you want, there's plenty inside."

Problems in the financial sector may mean slower growth, says **Kazuaki Harada**

A lowering of expectations

The Japanese economy has over the past year presented a striking contrast. On the one hand, the financial sector has been in a parlous condition, as tightening credit has led to sharp falls in share and land prices. On the other, the real economy has looked remarkably healthy.

In 1991, the distinction is likely to persist. But it is possible that as the new year unfolds, the troubles of the financial sector will begin to impinge on the real economy.

The main indicators of the real economy, including private capital investment and personal consumption, suggest it is still strong. A survey of Japanese companies' expectations carried out by the Bank of Japan in mid-November revealed some concern about future trends, but more than half of the companies surveyed regarded economic conditions as robust.

Large corporations were revising their plans for capital investment upwards. The labour market was still tight. Wage and price pressures were strengthening. Judging from the survey's results, the Bank of Japan saw no reason to move towards a relaxation of monetary policy.

Looking at the macro-economy overall, however, some signs of a slowdown have begun to emerge. For

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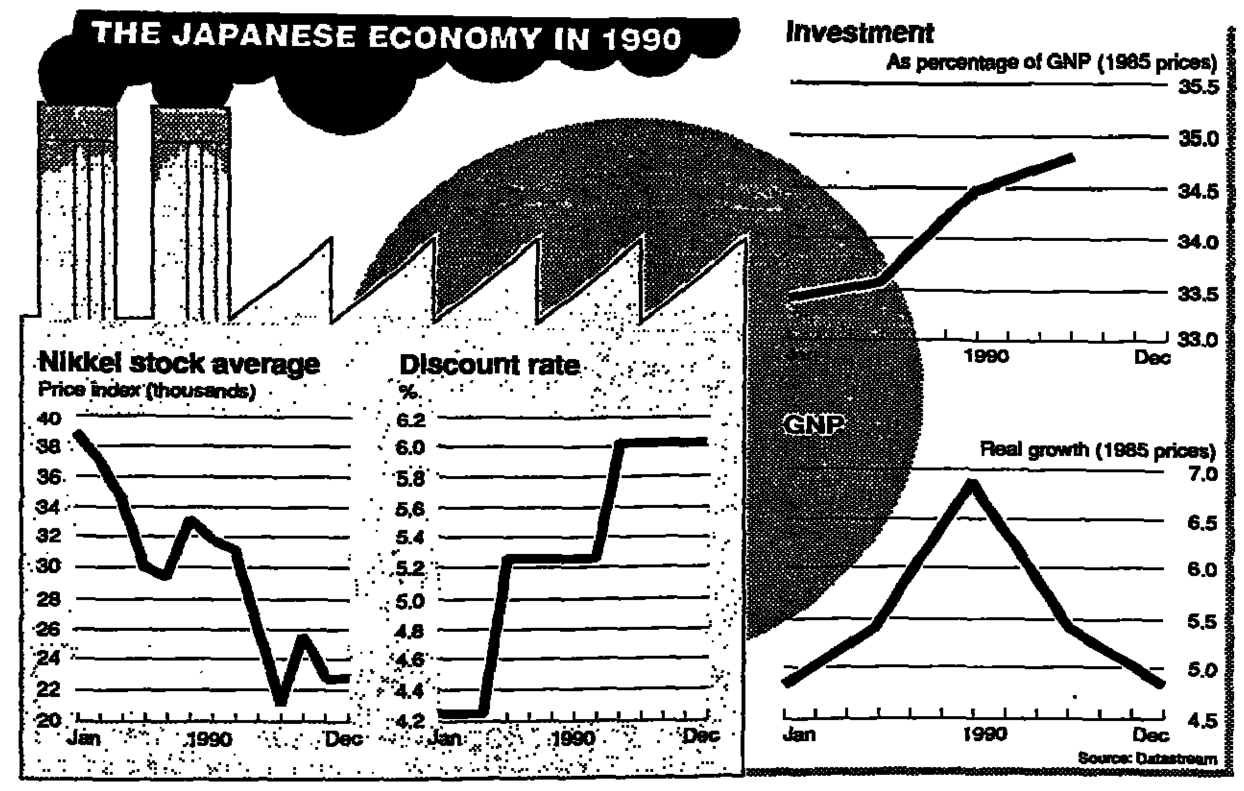
example, new automobile registrations in November fell below the level for the previous year for the first time in well over three years (excluding a temporary drop in March, 1989 owing to the revision of tax systems). Similarly, the rate of growth in the money supply (M2) had declined to 10 per cent in November (from 11.8 per cent in October), and consumption expenditures fell below the previous year's level for the first time in 14 months. Orders for machinery, a leading indicator for capital investment, also fell below the previous year's level.

On the basis of such data – and taking the uncertainty surrounding the Middle East and the drop in stock prices into account – it looks as if the economy may be moving into a period of adjustment, following four years of prosperity.

How one appraises the prospects for 1991 depends on whether one stresses the real economy or mainly looks at the financial sector.

In the real economy, Japan's capital investment looks likely to remain strong, sustained by the need to introduce new technologies and make labour-saving investments. Consumer spending is also likely to grow steadily in the light of Japan's relative price stability and of large spring wage increases.



On this argument, although there may be some negative impact from the rise in interest rates, Japan's real GNP is very likely to show growth of close to four per cent this year, and may well be on course to exceed its previous record for a long upward trend – the so-called Izanagi expansion that lasted 57 months, from December 1965 to July 1970.

If we focus on the impact of financial developments, however, a quite different picture emerges. Even though Japan's capital investment is strong for structural reasons, we must not forget that one of the other factors promoting investment was the period of very loose credit after 1986 – and credit began to tighten during 1989. So while investment is strong at present, capital spending plans will in time be revised downwards because of high interest rates and lower stock prices.

From this coming spring, the growth rate of investment will drop substantially and investment in private housing will also show a net decline. This suggests a more conservative view that real growth in fiscal 1991 will amount to only about three per cent.

I am more inclined to the view that financial developments will have a negative impact. The key to economic trends in 1991 will be private capital investment, which accounts for between 22 and 23 per cent of GNP. Over the past four years, Japan's capital investment has recorded steady two-digit percentage growth rates, for three main reasons.

First, following a sharp appreciation of the yen in the mid-1980s, corporations were obliged to restructure their operations; this development was accompanied by changes in technology and by increasing use of advanced information systems. If corporations had neglected investments in R&D and information systems, they would have been unable to survive in the highly competitive environment.

Second, as economic prosperity continued, the supply of labour became increasingly tight. It is no exaggeration to say that the principal bottleneck for corporate management at present is the shortage of workers. In response to this shortage, corporations have stepped up their investments in labour-saving equipment.

Third, cost factors were also extremely favourable for investment expenditures – in particular the cost of credit, which dropped as the Bank of Japan lowered its official discount rate five times to 2.5 per cent, the lowest level in history. This created excess liquidity, which in turn led to increases in stock prices and the crazy run-up in land prices.

Leading Japanese companies were able to float huge equity issues in Japan and overseas at exceptionally low interest rates of 0.5 per cent or less. As a result, the return on investment was far above the cost of raising funds, encouraging investments to increase capacity.

Japan's monetary policy began to tighten in June 1989 and as a result, stock prices started falling in early 1990 – a fall accelerated by the advent of the Middle East crisis last August. On October 1, the Nikkei average, fell temporarily below Y20,000, having dropped from a peak of Y38,915.

At present, expectations of future increases in stock prices have been erased and it has become impossible for large Japanese corporations to obtain cheap funds through equity finance. Corporate cash in hand is also declining and companies are obliged to rely on bank borrowings and straight bond issues carrying costs of 8 to 9 per cent to finance their investments.

Despite the structural factors promoting investment, the sharp rise in funding costs is likely to bring a slower rate of growth in private capital investment in 1991 – possibly dropping from an expected 11 per cent in fiscal 1990 to 5.5 per cent in fiscal 1991. Similarly, private housing investment, which accounts for about 5 per cent of GNP, will drop by between 5 and 6 per cent as a result of higher interest rates.

Another important indicator is consumption. The rate of growth in personal consumption will decline slightly as a result of the drop in stock prices, the uncertainty about future land prices and other factors, but will remain basically firm. Two principal reasons may be cited in support of this view.

First, provided there is no further sharp rise in oil prices, price levels in Japan should remain stable. Second, because of the shortage of labour, the spring wage increase in 1991 will very likely be 5.5 per cent to 6.0 per cent, or about the same as in 1990. However, higher net worth individuals with large holdings of stock and land may experience a "reverse wealth effect" which will significantly dampen their demand for luxury goods.

Based on these forecasts for investment and consumption, I believe that growth in real GNP in fiscal 1991 will drop to 3.5 per cent, compared with an estimated 5.3 per cent in fiscal 1990. In other words, the outlook for the corporate sector, which has experienced very good times in recent years, supported by strong capital investment, will become somewhat cloudy this year, although the outlook for the day-to-day life of the average person will remain as bright as in 1990.

Crucially, this forecast assumes that the Middle East crisis is settled peacefully and not by armed conflict. It also assumes that the US economy, which is now slipping into recession for the first time in eight years, will experience only a short and shallow downturn and begin to move towards recovery in the summer of 1991. If these assumptions prove incorrect and either the Gulf crisis or the US economy takes a marked turn for the worse, the world economy will suffer and Japan will be faced with a more difficult economic situation.

The author is senior managing director, Sanwa Research Institute, Tokyo

LOMBARD

History stops short

By Malcolm Rutherford

Readers of the Financial Times are advised not to take GCSE in history: they may well fail ignominiously. GCSE is the general certificate of secondary education for English and Welsh 16-year-olds.

Consider some of the questions that might be asked and the guidance given on how to answer them. Broad question: "Explain why different groups or societies interpret and use history in different ways." Here is the guidance: "Show how and why the recent history of China has been interpreted and used differently in Hong Kong and the People's Republic of China."

Or, to delve into real history: "Recognise that accounts of past events may differ from what is known to have happened." Guidance: "Show in discussion an understanding that Magna Carta is often mistakenly remembered as a charter which laid down the rights of ordinary people."

Back to the present: "Show an understanding that a source can be more or less valuable depending on the questions asked." Guidance: "Show how a US account of the building of the Berlin wall provides evidence of US attitudes towards the event but reveals little about why the wall was built."

Those are daunting questions for anyone, let alone 16-year-olds. It is not so much that the questions are hard, though a great deal of knowledge, and intelligence, would be required properly to answer them. The objection is that they are vague, and the guidance given on how to cope with them is subjective, if not actually loaded.

How, for instance, would one define "ordinary people" in 1215, or indeed ever? What was the concept of "rights" in the 13th century? As for the Berlin wall, I see no reason whatsoever why an American account of why it was built should differ from the real reasons. It was put up by the East German regime to keep its people in. The guidance to the question is either ignorant or mischievous; it is especially misleading to refer so vaguely to a US account. Which account?

Still, one does not want to re-open old wounds. The questions and guidance are taken from the National Curriculum Council Consultation Report* on history published over the new year holiday. The council's earlier report had been much criticised by, among others, Mrs Margaret Thatcher, when she was prime minister, and Mr John MacGregor, when he was briefly education secretary. According to the critics, it laid insufficient emphasis on facts and chronology, and too much on "the understanding of history in its setting" rather than just history.

The new report is not greatly different, but gives more weight to testing of knowledge and less to interpretation. It is likely to be accepted and we should probably call it a day, for if the bulk of 16-year-olds can deal with questions such as those outlined above, so much the better.

There are three caveats, however. The first is that a heavy premium is placed on who teaches the teachers. Pupils are not expected to rely entirely on their own research about (say) the Berlin wall; they depend heavily on guidance notes. These could be subject to bias, to put it mildly.

The second is that in a question like that about the Magna Carta, there is a strong encouragement to judge the past by the fashions of the present. It was not entirely the fault of the medieval barons that they did not campaign for the rights of the man in the street or abortion on demand. They should be judged by the circumstances of the time.

The third is that too much stress is placed on the 20th century. It is very important, no doubt, that pupils should know as much as possible about the recent past. The question is whether the last 70 years or so are history and should be treated as such in the syllabus. I think that they are current affairs and should be regarded as a separate subject. Then you can have as much argument as you like. If Mr Kenneth Clarke, the new education secretary, wants to make a minor emendation, he should order that history stops at 1918 or, at the latest, 1945.

** National Curriculum Council, Albion Wharf, 25 Skeldergate, York.*

LETTERS

The jobless will not simply go away

From Mr Peter Ashby.

Sir, Samuel Brittan claims that unemployment will shortly "overtake the poll tax and mortgage rates as a source of government unpopularity" ("Economic Viewpoint", December 20). If only government had the same view.

What it should now do is initiate a debate about what needs to be done to help all those who will lose their jobs during the recession. In particular, ministers should ask hard questions about the role of training for the unemployed, and whether they should go in for "training for stock".

I suspect not. There can be little sense in putting people through training unless they have a good chance of finding employment afterwards.

However, recognising the limitations of training should not be an excuse for inaction. Rather, this should lead us to accept that there should now be a new alternative to training, in the form of temporary work for unemployed people. Employment ministers are reluctant to accept this, fearing it could be seen as an admission that their predecessors were wrong to close down the old community programme.

The best chance of progress lies with the new Training and Enterprise Councils (TECs), which would be well placed to develop temporary employment programmes alongside employment training. TECs should be asked to come up with proposals for creating a new enterprise sector outside the formal jobs market. They could identify areas of work that would contribute to local economic regeneration, and would not otherwise be done – such as housing schemes and environmental improvements.

The Treasury should then agree to make money available to help TECs. Unemployed people should be offered short work contracts with regular jobsearch to make sure they did not view this as time-off from looking for a job.

Much could be done, if only ministers would show some leadership. Can they begin to do so now, please, before registered unemployment tops 2m?

Peter Ashby,
Full Employment UK,
79 Prince George Road, N16

A chicken-and-egg dilemma

From Mr Howard Flight.

Sir, Now the economy is actually in recession we have to wait for wage inflation to fall back to modest levels before interest rates can fall sharply and the economy can begin to recover – so the post ERM text book reads. Estimates vary as to how much further unemployment has to rise – or, in the old language, at what level of unemployment will the Phillips curve activate to reduce inflation?

The pathetic factor is surely how ineffective in resisting inflationary wage claims management has remained, in both industry and government sectors. In the much maligned City, while wages and salaries may have been viewed as rising too quickly during the good times, during the leaner times in many areas no increases – even reductions – have quickly become the norm.

The time is overdue for the CBI and its members first of all to hold out for nil pay increases when times are bad; and more particularly for the various organs of government to do the same thing and to set an example. The idea that the going rate of inflation is an automatic norm for pay increases, whatever the economic climate, is a damaging foolishness which must be unlearned by industrial management, government and unions alike.

Howard Flight,
Guinness Flight,
Lighterman's Court,
5 Gainsford Street, SE1

From Mr J.R. Walker.

Sir, It may sound like an economic fact of life that he who presses for high wage increases prices himself out of a job, but the opposite is more often the truth. It is my observation that the majority of those made redundant have been working for companies in difficulty and have not had a decent wage increase for years. In contrast, anyone obtaining a high wage increase is almost certainly working for a busy and profitable firm which can afford it. The soundest economic guidance seems to be that if your employer cannot afford to pay good wages, don't gamble your prospects on the firm's survival.

The UK still has the benefit of paying lower rates than most of its competitors. In general where a UK firm's unit costs are uncompetitive, one thing it cannot blame is its wage levels. Unit costs are the problem. I suspect that if every employee in the country volunteered to take a 10 per cent wage cut, it would not, long term, change the economy. I doubt whether the savings would be translated into investment in R&D, production technology, operator training and product development any more than the tax cuts of the '80s were.

Wages and union intransigence have played their part in holding back our economic performance but they have only ever been of peripheral effect.

J.R. Walker,
46 Princes Way,
Hutton, Brentwood, Essex

Losers in the BSkyB battle

From Mr Patrick Barwise.

Sir, Sir Alan Peacock ("When the regulated 'capture' the regulators", December 19) is surely right to argue that BSkyB has only limited market power: although it now has a monopoly of satellite TV, BSkyB is and will long remain a small player in the markets for viewers and advertisers.

A more valid objection to BSkyB is that it represents another addition to the quite extraordinary concentration of UK media power in the hands of Mr Rupert Murdoch. Ironically, enthusiasts for media deregulation invariably cite the US as an example to other countries. Yet Mr Murdoch had to become a US citizen to be allowed a trivial degree of media power there compared with the power he exercises unfettered in the UK.

Patrick Barwise,
professor, London Business School, Sussex Place,
Regent's Park, NW1

Leave Sunday trading to local authorities

From Mr P.J. Pace O'Shea.

Sir, With respect to the matter of Sunday trading, would it not be much more sensible to leave it to the local authorities to set such laws as their elected representatives see fit? Why should this be a matter for central government? How can one ever reconcile the wishes and needs of the inhabitants and the customers in, say, central London and, say, Redruth in Cornwall?

Parliament should abrogate all laws on Sunday trading and keep out of this vexed area. It is not a matter of national interest.

P.J. Pace O'Shea,
45 Fellows Road, NW3

The answer to late payments lies in better credit management

From Mr P.J. Martin.

Sir, Wheel clamps apart, Charles Batchelor's article ("Give credit – but only where it's due", December 4) on late payment provided some sensible advice on getting paid more quickly.

He implied, however, that the European Commission has been more responsive than the UK government to the problems of small companies.

All the Commission has done so far is to produce a proposal which returns to the overworked theme of providing for statutory interest on outstanding debts. Under the Commission's scheme, purchasers of goods or services other than public authorities would be liable to interest on debts after 45 days unless the contract stated otherwise.

This, of course, would be a double-edged sword. Dominant companies would insist on the minimum period of payment for their small customers but demand longer periods from their own suppliers.

The UK government, thank goodness, has understood this.

No, the answer is not statutory interest but, as Mr Batchelor suggests elsewhere, better credit management.

P.J. Martin,
chairman, Institute of Credit Management,
Easton Hill,
Easton on the Hill, Stamford, Lincolnshire PE9

FINANCIAL TIMES
Thursday January 3 1991

Communists stumble on road to reform

The Balkans will remain unstable until there is genuine change, argues Judy Dempsey

AS Poland, Hungary and Czechoslovakia edge precariously towards the market economy, the countries of Romania, Bulgaria, Albania and Yugoslavia, remain plagued by instability and ethnic conflict.

In Bulgaria, tensions between ethnic Turks and Bulgarians frequently flare up. In Romania, bitter insults continue to be exchanged between ethnic Hungarians and Romanians. In Yugoslavia, relations between Serbs, Croats and Slovenes are soured by decades of suspicion and distrust. In Albania, ethnic Greeks escape across the snowbound mountains into Greece.

But they are not the only ones to emigrate. Intellectuals in Romania and Bulgaria fear a brain drain of historic proportions. The only way to persuade many of these young people to remain in the country would be promises of economic prosperity and political stability. In the short term, prospects for both appear bleak.

Unlike Poland and Czechoslovakia, it was the ruling communist parties in Bulgaria (and in Romania, but in a more confused way) which were instrumental in toppling the old regimes from power. These "reformed" communists were thus able to claim that they started the move to democracy. But they were the only ones equipped to do so.

Under the communist system in these countries, there were no possibilities for organised dissent. The intellectuals had been cowed into submission. The state-run internal security forces were ubiquitous. The Orthodox Church in Bulgaria and Romania, unlike the Catholic Church in Poland or the Lutheran Church in East Germany, provided no platform for independent activity. Historically, the Orthodox Church has identified with the state.

Moreover, Albania, Romania and Bulgaria lacked any indigenous working class or even small middle class to provide the nucleus of an opposition. After their takeover in 1945, the communist regimes ruled over largely peasant populations which by tradition were conservative and conformist.

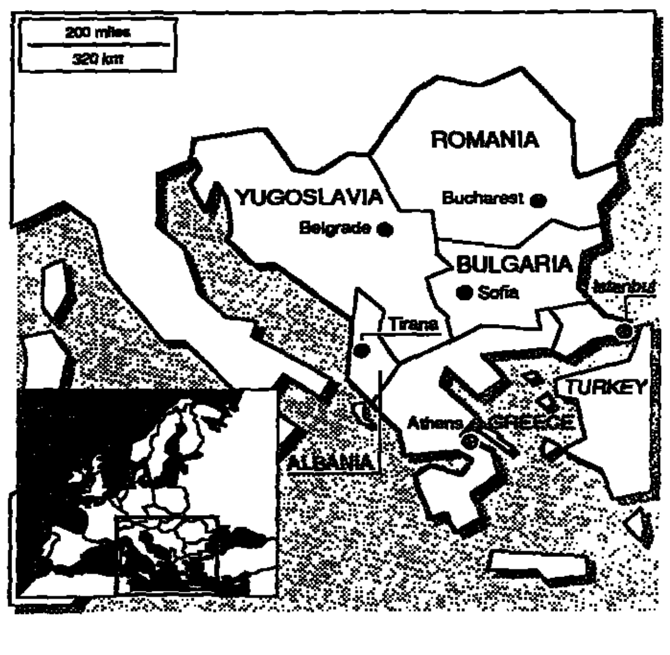
Thus, as part of Stalin's massive modernisation and industrialisation programme which was slavishly copied by the communist regimes throughout eastern Europe, the peasantry in Bulgaria, Albania and Romania was uprooted from the land and moved into vast industrial complexes.

But attempts at creating an industrial class failed. The "new working class" had one foot in the soil and one foot in the factory. There was thus little sense of class solidarity or the creation of a radical social grouping. Not surprising, it was this section of the population which voted the former communists back into power in Bulgaria and Romania. The workers feared change; they feared unemployment; they feared upheaval. These fears were cleverly tapped by the Bulgarian Socialist (former communist) party and Romania's Front for National Salvation during their election campaigns.

But in tapping the inherent fear of change by the peasantry and the workers, both governments are now trapped by those slogans. They have become the victims of their electoral success. Albania's ruling (communist) Party of Labour (APL) is likely to face the same dilemma.

Why? In Romania and Bulgaria, the weak and incoherent oppositions had little time to prepare for elections. The three-week old Democratic party in Albania, which wanted the elections postponed, faces the same prospect of defeat in February.

But even if the APL wins, it will not be able to introduce reforms. The experiences of Bulgaria's Socialist party and Romania's National Salvation Front show why.



Bulgaria, suffering chronic shortages of fuel, yesterday stopped petrol sales for two weeks except for ambulances, buses and delivery vans, Reuter reports *from Sofia*.

Bulgaria has lost cheap oil imports from the Soviet Union and supplies from Iraq. Long queues, abandoned cars and dry petrol stations have become a daily sight. Last month the government banned petrol sales for a week to save fuel for emergency *services*.

Mr Andrei Lukanov, Bulgaria's prime minister, who was ousted from power last November, could not introduce reforms because the communists, despite attempts to change into "social democrats", remained entrenched in the old communist structures of power. Because it held the reins of power, it did not introduce any purges in the administration. The status quo remained largely intact.

Even if Mr Lukanov had wanted to make sweeping changes in the administration, he did not have the support from the rank and file of the communist party. Having won the election last June, there was little pressure to introduce political reforms which would have included a reform of the judiciary, the interior ministry and replacement of party-nominated factory managers.

It was only as the spectre of total economic collapse, precipitated by the collapse of central authority, became a reality, that Mr Lukanov tried to introduce reforms. The Union of Democratic Forces, whose leader, Mr Petar Beron spearheaded the successful attempt to oust Mr Lukanov, but who himself was forced to resign because he was once an informer, highlighted the deep moral problems facing the countries in the Balkans. First, there is no such thing as a reformed communist. Second, the communist system skilfully exploited and intensified the Balkans' traditional habits of deceit and lying.

In a more acute sense, these are the problems confronting the Romanian government led by Mr Petre Roman.

Mr Roman is unable to introduce reforms because he is obstructed by sections of the National Salvation Front and the workers. But above all, despite his sincere intentions, the government is distrusted by some sections of society, particularly the young. As long as the government remains reluctant to tell the truth about what really happened during December 1989, it will lurch from crisis to crisis.

Albania's Party of Labour will not be spared any of these problems.

President Ramiz Alia, the head of the APL, is desperate to return the communists to power. But then the real problems will begin. In time, the Democratic party and other independent parties will become stronger. There will be a political amnesty. The political prisoners will speak out. There will be calls for justice, purges and sackings. The temptation to settle old scores will be great.

The APL could pre-empt or syphon off some of this latent anger by forming a coalition after the elections. The Bulgarian Socialist party has already ceded power over certain ministries as a means of reassuring the population that it is serious about speeding up political reform. The APL could follow suit. But Mr Alia is running out of time. Political reform is *the* priority in the Balkans. Bulgaria has finally started. Romania has yet to begin. If Mr Alia hesitates to introduce major reforms before or after the elections, he risks the fate of his fellow leaders in Romania and Bulgaria.

Albania denies provoking exodus, Page 2

THE LEX COLUMN

The growing pains of failure

The banks may be running scared, but it will take some astonishingly neat footwork if they are to escape without blame. When the chairman of Barclays warns that domestic bad debts could account for £2bn of write-offs by the clearers this year, it is a reminder that their lending policies will play a pivotal role in the recession. The apparent 35 per cent rise in business failures last year cannot simply be blamed on the economic cycle. There has been imprudent financing as well.

The question is what type of caution the banks will exercise. There is increasing evidence that they have been taking the dubious step of issuing additional debentures to companies whose survival prospects are marginal. This gives the bank all the assets if the company concerned goes belly up. Unsecured creditors are understandably angry. It is one thing for banks to pull the plug, quite another for them to take the bath.

It is worrying too that the growth in insolvencies is still accelerating. Dun & Bradstreet reckons company liquidations in England and Wales rose by one third last year. But Trade Indemnity's smaller UK sample suggests the number of last year's fourth quarter failures was up 80 per cent from 1989. Failures are increasing much more slowly in Wales and Scotland, but this may just mean the bad news is delayed. So the outlook suggests a grim 1991. Even if interest rates come down soon, a pick-up in the economy is usually the trigger for a final wave of failures among companies over-trading in the chase for new business.

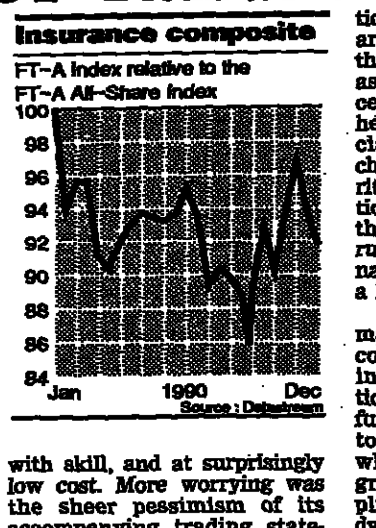
Guardian Royal

Guardian Royal Exchange's decision to sell its troublesome Italian non-life interests is unlikely to prove a turning point in its history, unless it has inadvertently removed a poison pill. If the group does not receive a takeover bid this year, it will be because no-one in Europe can afford a £2bn cash bid, rather than because of its high-quality management. More likely is that GRE's Italian adventure will be put down as a humbling experience at the end of which it has only a 20 per cent stake in the fledgling Polaris life company. The European strategy behind the original deal may have been sensible. The chosen vehicles were breathtakingly deficient.

To be fair, GRE has extracted itself from the unwanted non-life businesses with skill, and at surprisingly low cost. More worrying was the sheer pessimism of its accompanying trading statement, which did nothing to help the other composites' share prices yesterday. An unexpected bill for professional indemnity claims, shaving £70m off 1990 shareholders' funds, was announced in August, but since then underwriting losses appear to have been growing at an alarming rate. Indeed, if San Paolo had not taken the Italian motor insurers off its hands, GRE's overall 1990 taxable losses might have reached £200m, instead of the £120m-£140m the market now expects.

It is not clear though what San Paolo Bank can now do to lick its new insurance empire into reasonable shape. Presumably the bank thinks it has the necessary expertise in broadly defined financial services, but in taking on GRE's full-year losses it may have been unduly generous.

Insurance composite



Pension funds

Corporate Britain's pension surpluses will not vanish overnight, simply because of one bad year for investment. But their continued existence cannot be taken for granted. It is scarcely a disaster that the average UK fund probably experienced a negative investment return of about 10 per cent in 1990, in view of how well it did through the 1980s. However, the cause for concern is that all sorts of other pressures are also building up. Both 1991 and 1992 look like being years in which some British companies receive a nasty shock about their scope for pension contribution holidays.

The average surplus is probably not as large as most outsiders think. A few cases of very big surpluses, such as Barclays or Lucas, have doubtless distorted outsiders' perceptions. Mercer Fraser, the actuaries, estimated last autumn that the average UK scheme's assets totalled only 122 per cent of pension liabilities; healthy, but not huge, especially given recent legal changes. The 1990 Social Security Act, which requires inflation-proofing of pensions, and the European Court's recent ruling against sexual discrimination by funds, will both cost a lot of money.

Perhaps the biggest question mark hangs over the scope companies have for using increased pension contributions to bail them out of any future problems. In the 1980s, total payrolls have shrunk, while pension funds have grown. British Steel's £4bn-plus of pension fund assets dwarf its £1bn annual payroll. If investment markets remain very depressed in the next few years, and pension fund surpluses vanish, the extra contribution bill would add greatly to labour costs.

Eastern Europe

The economic plight of much of eastern Europe may look dire, thanks largely to the rise in the price of Soviet oil. But the implications for western markets need to be kept in perspective. Since last February, when the West German bond market all but collapsed, some commentators have been arguing that eastern Europe's new thirst for investment is one of the most powerful forces likely to keep interest rates high, and capital scarce, throughout the world. The trouble with this line of thinking is that so far the concrete evidence for any east European effect seems scanty.

One counter-argument is the relatively small size of the eastern European economies: even using the somewhat discredited old communist statistics, the combined gross domestic product of Bulgaria, Czechoslovakia, Hungary, and Poland only came to about $400bn-odd in 1989. The second is that real interest rates were already at very high historic levels, even before the Berlin Wall fell. A third point is that the main world bond markets have been rallying since the autumn. And a small easing by the Fed still far outranks a big recession in Poland when it comes to measurable consequences for the capital markets. Lastly, if any investors have to pick up the tab for rebuilding eastern Europe, the most likely in the near future are west German shareholders. Stand by for the next Volkswagen rights issue.

Western chip makers raise market share

By Michael Skapinker in London

WESTERN semiconductor companies last year gained market share from their Japanese competitors for the first time in more than a decade.

Japanese companies however retained their overall domination of the world semiconductor market, gaining six places in the top 10, including the top three, says a survey published today by Dataquest, a high technology consultancy.

The report shows US companies increased their share of the international market for the first time since 1979, raising their proportion of worldwide sales to 36.5 per cent compared with 34.9 per cent in 1989.

European companies' worldwide market share rose to 10.5 per cent last year compared with 9.5 per cent in 1989.

Japanese companies were hit by the fall in the price of memory chips, a market that they dominate. Their share of the world semiconductor market fell to 49.5 per cent last year, from 52.1 per cent in 1989.

US companies, however, were aided by a 23 per cent increase in worldwide sales of microcomponents, the central control mechanisms of electronic products.

Intel of the US, the world's leading vendor of microcomponents, became the fifth largest semiconductor company internationally last year, compared with eighth largest in 1989.

Japanese companies saw their share of the north American semiconductor market fall to 22 per cent from 24 per cent in 1989. The US companies' share of the Japanese market increased to 10.4 per cent last year, compared with less than 10 per cent in 1989.

European companies benefited from the strength of their sales to the telecommunications industry and to manufacturers of consumer electronic products. The European-owned companies' share of their home market increased to 38.2 per cent, up 1.7 per cent on the previous year.

Philips, the troubled Dutch electronics group, retained its place as Europe's only representative among the world's top 10 semiconductor companies. Philips said last year that it was ending production of some memory chips and was cutting its commitment to European semiconductor research. Its worldwide semiconductor sales nevertheless rose by 13 per cent last year, aided by strong demand from European-based manufacturers of television sets and video cassette recorders.

NEC of Japan held its position as the world's largest semiconductor company, with sales of nearly $5bn, with Toshiba second and Hitachi in third place.

Worldwide Semiconductor Sales in 1990

Rank		Revenue $m	Market Share
1	NEC	4,952	8.5%
2	Toshiba	4,905	8.4%
3	Hitachi	3,927	6.7%
4	Motorola	3,692	6.3%
5	Intel	3,135	5.4%
6	Fujitsu	3,019	5.2%
7	Texas Instruments	2,574	4.4%
8	Mitsubishi	2,476	4.2%
9	Matsushita	1,945	3.3%
10	Philips	1,932	3.3%

Source: Dataquest

Sweeping price rises for Soviets

Gorbachev: approves rises

Continued from Page 1

Economists calling for faster price liberalisation, combined with monetary stabilisation, fear that the government's recipe for administered price rises and wage compensation will result in hyperinflation.

Mr Komin admitted that the government was "at least three years late with price reform. It is much more difficult to carry it out today. So many problems have accumulated that we will need five more years to settle them all."

He also stressed that the price reform would still have to be carried out with the consent of individual union republics, otherwise there would simply be a price war between different regions.

He cited the example of Moscow city council, which recently increased the price for empty alcohol bottles from Rbs0.20 to Rbs0.50, in order to cope with a chronic bottle shortage.

The result he said, was that Moscow was being inundated with empty bottles being shipped in from neighbouring regions by black marketeers. Now the central government has decided that, from January 15, the higher price will apply to empty bottles throughout the Soviet Union.

However, he promised that the one commodity which will not suffer an early price rise will be vodka itself.

Rather, he said, production must be restored to the level of 1985, before Mr Gorbachev's ill-starred anti-alcohol campaign. That would mean an increase on present levels of another 35 to 40 per cent.

Poos holds out lure of talks on Middle East

Continued from Page 1

"We could discuss the balance of forces, arms control, disarmament, frontier guarantees, and the Israel-Palestine conflict".

Mr Poos' remarks echoed comments in a new year address by Mr François Mitterrand, the French president, who suggested a range of agendas for international negotiation in the Middle East.

As diplomatic efforts intensified, Mr Mitterrand's former spokesman, Mr Michel Vauzelle, chairman of the parliamentary foreign affairs committee, yesterday flew for talks with leaders in Baghdad.

Meanwhile, King Hussein of Jordan arrived in London on the first leg of a European tour to press his own role as a mediator in the conflict. The King, who will meet Mr John Major, the British prime minister, today, said yesterday that he thought there was still hope that war could be avoided.

However, military preparations for war continued yesterday as Nato authorised the dispatch of 40 Alliance aircraft to Turkey to defend it against an Iraqi attack.

Upturn in UK economy unlikely in time for election, says survey

By Rachel Johnson in London

TOP ECONOMISTS warn today of their doubts that the British government can restore sustained growth in time for the next general election.

The doubts emerge from a survey by the Financial Times of economic forecasts for 1991-92 conducted by 22 leading financial groups.

The economists – from City of London institutions and a range of other forecasting organisations – say that the recession is likely to be deeper than the government has so far acknowledged. An upturn may not appear before the next election, which must be held by mid 1992.

Efforts by the Treasury to lift Britain from the recession are likely to be hampered by membership of the European exchange rate mechanism (ERM). This may reduce the scope to cut interest rates to restore demand and lift business confidence.

The consensus of forecasts in the survey is that total UK output will grow this year by just 0.1 per cent. That would be the lowest growth since 1982. The economists predict growth of 2.3 per cent next year.

The economists believe the annual inflation rate will drop to 5.4 per cent by the end of the year.

Several of the forecasters in the survey are sceptical about the British government's handling of economic policy saying that the chances of a recovery have been marred by high base rates, currently at 14 per cent.

Mr Norman Lamont, the UK chancellor of the exchequer, has indicated that an easing in borrowing conditions is unlikely while the pound is relatively weak within the ERM.

He said in an interview with the FT earlier this week that interest rate decisions would be taken "within the overriding framework of the ERM" and that interest rates would "obviously be set at a level that is consistent with our ERM obligations".

A key factor hindering a revival, some of the economists say, is the decision to join the ERM around a central rate of DM2.95, which they believe overvalues the pound. Mr Lamont has ruled out a downward adjustment of the pound within the ERM.

Not all the institutions in the survey believe the recession will be as bad as the last one in 1980-1981. Cambridge Econometrics said it would be "much less serious than a decade ago".

According to the forecasters, manufacturing output will fall in 1991 faster than the Treasury has predicted, by 1.5 per cent. Fixed investment is likely to decline over the year by 4.6 per cent.

Unemployment is likely to rise to 2m by the end of next year, the forecasters say. That would put pressure on public sector finances due to extra spending on social security payments.

As a result, room for tax cuts in the March budget would be limited. There would be little chance of public spending increases in the budget to give the economy a fiscal stimulus.

FT survey of forecasts, Page 5

WORLDWIDE WEATHER

		°C	°F
Ajaccio	F	12	54
Algiers	S	17	63
Amsterdam	C	11	52
Athens	F	17	63
Bahrain	S	19	66
Bangkok			
Barcelona	S	13	55
Beirut		-	-
Belfast	Sl	3	37
Belgrade	C	5	41
Berlin	R	5	41
Biarritz	F	15	59
Bombay	S	22	72
Bordeaux	C	13	55
Boulogne			
Brussels	Dr	11	52
Budapest	S	5	41
Buenos Aires			
Cairo	C	20	68
Cape Town	S	26	79
Caracas			
Casablanca	F	17	63
Chicago	S	-7	19
Cologne	C	10	50
Copenhagen	R	4	39
Corfu	F	14	57
Dallas	C	5	41
Dublin	F	8	46
Dubrovnik	S	12	54
Edinburgh	F	5	41
Faro	S	28	81
Florence	S	8	46
Frankfurt	C	7	45
Geneva	R	3	37
Gibraltar	C	16	61
Glasgow	C	5	41
Helsinki	C	-3	27
Hong Kong	S	20	68
Innsbruck	C	1	34
Inverness	R	4	39
Islamabad			
Istanbul	F	11	52
Jakarta			
Jersey	R	12	54
Johannesburg	S	25	77
Lima			
Lisbon	S	8	46
London	Dr	11	52
Los Angeles	C	11	52
Luxembourg	Dr	7	45
Madeira			
Madrid	Fg	6	41
Majorca	F	15	59
Malaga	F	14	57
Malta	S	16	61
Manchester	C	9	48
Manila			
Melbourne	S	35	95
Mexico City			
Miami	S	21	70
Milan	Fg	3	37
Montreal	Sn	0	32
Moscow	Sn	-5	23
Munich	R	3	37
Nairobi	F	25	77
Naples	S	13	55
Nassau			
New Delhi	S	13	54
New York	C	4	39
Nice	S	13	55
Nicosia			
Oporto	F	11	52
Oslo	Sl	1	34
Paris	R	11	52
Peking	S	1	34
Prague	R	3	37
Reykjavik	C	4	39
Rhodes	C	15	59
Rio de Janeiro			
Rome	S	13	55
Salzburg	C	3	32
San Francisco	S	3	37
Seoul	S	-4	25
Singapore	F	30	86
Stockholm	C	2	36
Strasbourg	C	6	43
Sydney	S	27	81
Taipei			
Tangier	F	17	63
Tel Aviv	S	18	64
Tenerife	C	20	68
Tokyo	R	9	48
Toronto	F	-1	30
Tunis	F	15	59
Valencia	S	13	55
Venice	F	5	41
Vienna	F	4	39
Warsaw	S	3	37
Washington	S	-2	28
Zurich	C	2	36

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

Chief price changes yesterday

FRANKFURT (DM)				**Falls**			
Rises				Apple Comps	42½	–	½
Springer Axel	740	+	20	Abbott Labs	43⅞	–	1⅛
Falls				McDonnell Doug.	37⅝	–	1¼
Allianz	475	–	20	**PARIS (FFr)**			
BHF-Bank	380	–	15	**Rises**			
Karstadt	586	–	14	Eurocom	674	+	23
Porsche	720	–	35	**Falls**			
Varta	293	–	15.5	Bouygues	414	–	35
NEW YORK ($)				CFAO	360	–	40
Rises				Locafrance	413	–	25
Gen. Dynamics	25⅝	+	⅜	Simco	533	–	47
Northrop	18⅞	+	1	Valeo	331	–	14
Toys R Us	23⅞	+	⅞				

Tokyo closed. New York prices at 12.30.

LONDON (Pence)				Egerton Tst.	6	–	5
Rises				Estates & Gen.	90	–	25
A.B. Foods	428	+	7	Gen. Accident	458	–	14
High-Point	323	+	10	Midland Bank	181	–	6
Macdnld Mrt A	560	+	20	Next	13½	–	2½
Whatman Reeve	390	+	15	Ratners	158	–	17
Falls				Royal Insce.	380	–	13
Acatos Hutcn	87	–	13	Sedgwick	230	–	9
BPB Inds.	176	–	4½	Shandwick	61	–	9
Barclays	352	–	10	Smurfit (J.)	465	–	15
Boots	306	–	12				
Dixons	131	–	9				

Bankers say Murdoch talks in final phase

By **Stephen Fidler** in London

LEADING bankers to Rupert Murdoch's News Corporation say they believe it will be possible to complete a restructuring of the company's almost $7bn (£3.6bn) debt, perhaps by the end of the month.

But they emphasise there is much to do before success is assured. Failure of the deal would result in a cash crisis at the international media group.

Completion of the complex legal documentation for the restructuring is expected any time – when the long signing process can start. However, the terms outlined in the documents will almost inevitably dissatisfy some of the group's 150 bank lenders.

A handful is still holding out against the restructuring, while others have made agreement conditional on 100 per cent support from each of News Corporation's banks, no matter how insignificant.

Meanwhile, News Corporation's maturing debts are rolling up until the deal is completed. As more comes due this month, a rising proportion of debt is on a short-term basis, increasing the risk that a lender will call the company into default.

The restructuring is proving to be one of the most complicated corporate financings ever mounted. "The nearest thing we've seen to this in terms of sheer complexity," said one banker, "is the kind of deals Brazil was arranging in the early 1980s." Mr Murdoch, presumably, would prefer that the comparison was not taken too far.

Almost $2.9bn of debt is scheduled to fall due between the end of last September and the middle of this year. Although the company's businesses are seen as sound, the group stood no chance of raising this through new loans from banks, which have become highly nervous about heavily-indebted companies.

A decision was made to try to lock in existing lenders, which are owed about $6.8bn. Most of this will be repaid in three years, although $200m will be paid in one year and $400m in three instalments amounts after that.

In addition, more than 25 of the largest lenders will be asked to make a new $600m one-year loan.

To meet the repayment schedule, Mr Murdoch has undertaken to sell some assets – if he has to. Bankers see the restructuring as avoiding a "fire sale" which would realise less than the true value of News Corp's assets.

The complexity of the restructuring has arisen from the size of News Corporation's debt, making it one of the largest deals of its type. News Corp's complicated corporate structure also made the task of sorting out its debts much more difficult: there is no single borrowing vehicle in the group. Loans have been arranged at widely different terms. Lenders to one company, Queensland Press, which owns News Corporation shares, have not been happy about having their facility of A$500m (£200m) – which should have been repaid on December 7 – lumped in with the others.

The geographical diversity of lenders has added to complications. It has meant that unlike in other restructurings, there will be no single regulatory authority encouraging banks to join the transaction. In recent restructurings for the UK furnishings and fabrics company, Laura Ashley, and for the leisure group, Brent Walker, the Bank of England's intervention has been important to securing a deal.

Ansett Worldwide Aviation Equipment, a leasing unit of Ansett Transport Industries, yesterday cancelled an $300m order for 20 aircraft from Bombadier.
Full story, Page 16

The complications of the financing arrangements led News Corp and its leading banks to decide on the three-year financing, which the bankers call an "override" facility, rather than to negotiate with each lending group. It lifts whatever interest margin was being paid by 1 percentage point and pays them a one per cent flat up-front fee. Mr Murdoch has sweetened the deal with a 1 per cent "success" fee to be paid on the $5.4bn of debt outstanding after three years. He also agreed – bankers say more symbolically than as a contribution to cash flows – to take his dividends in equity.

The override concept has led to some perceived injustices. Banks due to be repaid last year or early this year will not be repaid for three years. Other banks, with loans maturing later, will be repaid earlier than scheduled.

There is a view among some banks that they have been forced into an unpalatable deal. While the terms look generous to the banks – News Corp was raising funds at ¼ point over money market rates in 1988 – bankers say they are being asked to provide finance which is almost equity. "Murdoch has a good deal," one of them said yesterday.

Tony Andrews

Watch this space: so many advertising agencies have shed staff in recent months that a general feeling of anxiety has set in

Ad men heed the writing on the wall

A troubled advertising industry is retrenching, reports **Alice Rawsthorn**

The switchboard at the National Advertising Benevolent Society is jammed with calls these days as more and more unemployed advertising executives phone in to ask for help.

Only a few months ago, Nabs told the callers to dust down their curriculum vitae. Nowadays, its advice is rather different. The out-of-work ad executives are told to prepare for what may be a long period of unemployment.

The UK advertising industry has just ended a ghastly year. Rarely a week has gone by in recent months without yet another agency shedding staff. D'Arcy Masius Benton & Bowles and Young & Rubicam, Saatchi & Saatchi, J. Walter Thompson, Ogilvy & Mather and BMP DDB Needham have all cut back. The staff at other agencies are anxiously waiting to see whether the axe falls on them too.

"Advertising is an insular industry and until recently the attitude was 'What has recession got to do with me?'," said Mr Frank Lowe, chairman of Lowe Howard-Spink. "Things are now so grim that reality has finally set in."

The reasons for the UK industry's problems are easy to see. The pressure on corporate profits has left companies with less money to spend on advertising. At the same time, the slowdown in consumer spending has given them less incentive to spend it. Advertising budgets have been cut across the board. Saatchi's forecasts suggest the market fell by 7 per cent in real terms to £6.8bn ($13bn) in 1990 and will fall by 2.5 per cent this year.

The industry is also in poor financial shape. The old system of remuneration, whereby agencies were paid a standard 15 per cent commission on their clients' media expenditure, was eroded in the 1980s. The industry has entered this recession at a far lower level of profitability than in the slump of the early 1970s.

Some companies are also counting the cost of their over-ambitious expansion in the 1980s. Saatchi and the WPP Group, the two largest advertising holding companies, are both in a critical condition. Saatchi, which owns BSB:Dorland as well as its eponymous agency, is desperately trying to restructure its finances. So is WPP, the holding company for JWT and Ogilvy, which is in danger of busting its banking covenants.

The instability of Saatchi and WPP casts a cloud over the industry. Their plight has depressed the shares of other publicly quoted companies. It has also made banks far tougher in their treatment of ad agencies.

So far, only a handful of agencies have actually gone out of business. But several companies have succumbed to foreign predators. Lowe sold out to Interpublic of the US this autumn because it was so frustrated by the difficulty of raising capital. Collett Dickenson Pearce sold a sizeable minority stake to Dentsu of Japan to ease financial problems.

The rest of the industry has been left to cut costs in a desperate bid to adjust to falling revenues. Mr Robert Louis-Dreyfus, Saatchi's chief executive, bought back his company car – a modest Peugeot 205 – as a symbol of the new austere era.

Some agencies have frozen pay. Others have imposed pay cuts. Most companies did not pay Christmas bonuses.

Almost every agency has shed staff. No one knows exactly how many job losses there have been. One head hunter estimated that 2,000 people in the 15,500-strong industry are either out of work or looking for new jobs.

"So far we have restricted our cuts to areas that do not directly affect clients," said Mr Mike Walsh, chairman of Ogilvy & Mather. "At times like this, it is vital to maintain client service."

Once the agencies have cut back as far as possible – and many believe they already have – they face a painful choice between protecting profitability and cutting so deeply that they jeopardise accounts.

In the end, the agencies may have to consider more radical measures. One area for reform is remuneration. Many agencies switched from commission to fees in the 1980s. However, the main form of payment is still commission. This makes it difficult for agencies to budget accurately.

Many agencies are already trying to introduce sliding scale systems, whereby they are paid part fee and part commission. This means that at least part of their income will be guaranteed.

The agencies must also take difficult decisions on the services offered to clients. Many of the "extras" introduced in the 1980s, such as market research and internal promotions, have already gone. Other services are now being scrutinised.

One of the most vulnerable areas is planning, the process of producing advertising strategies by using research. Planning was originally conducted by account managers, but many companies introduced specialist planning departments in the 1980s.

As costs come under pressure, some agencies may revert to the old system. Saatchi no longer assigns planners to some of its small accounts. Smaller agencies may do away with it altogether.

Another area for scrutiny is the media. There is already a trend for advertisers to separate media buying from the rest of their advertising activities by delegating it to the growing number of specialist buying houses.

This trend could accelerate if smaller agencies decide they can no longer afford their own media departments. At the same time, the bigger agencies may band together in buying groups. Saatchi has already done this by centralising the buying for all its agencies through Zenith.

Other big agencies have already formed buying groups in other European countries, notably France and Spain. So far, they have decided against doing so in the UK. The financial pressures of recession could force them to reconsider.

It remains to be seen whether the agencies will be forced to take these radical measures. "Most companies will try to carry on for as long as they can, unless things get really bad," said Mr James Best, chairman of BMP. "Then they will have to take the tough decisions."

Rhône-Poulenc subsidiary to sell assets for FFr425m

By **William Dawkins** in Paris

RHONE-POULENC RORER, the pharmaceuticals subsidiary of the French state-owned chemicals group, yesterday announced the second in what is expected to be a series of asset sales.

The group, formed by the purchase of US drug maker Rorer last year, has sold the rights to three of its drugs for FFr425m ($85m) to Forest Laboratories, a US pharmaceuticals group.

The deal is part of Rhône-Poulenc Rorer's policy of concentrating on what it sees as strategic products. It is also trying to reduce the $2bn debts built up to help finance last year's more than $3bn acquisition of a 68 per cent stake in Rorer.

Before Forest Laboratories takes full ownership of the drugs concerned, it will pay Rhône-Poulenc Rorer license fees for the rights for the next 10 years. The products, Armour Thyroid, Thyrolar and Levothroid, represented a FFr130m turnover last year and are used in the treatment of thyroid disorders. This compares with Rhône-Poulenc Rorer's estimated FFr18bn turnover for 1990, on which it plans to break even, including the exceptional gains from asset sales. A small profit is expected in 1991, the company said.

Yesterday's disposals follow last month's sale of five products, all injectable vitamins, for an undisclosed sum to Astra, the Swedish pharmaceuticals group.

"This operation takes place as part of the strategic disinvestments announced by Rhône-Poulenc Rorer and which are taking place as planned," said the group. Other sales are due soon, say officials. This leaves the group present in eight main areas, drugs for heart and lung diseases, infectious diseases and Aids, central nervous disorders, allergies, digestive illnesses, bone disease, cancer and blood products.

With an annual research budget of FFr2.5bn, Rhône-Poulenc Rorer is present in 150 countries.

Rhône-Poulenc's acquisition of Rorer created the world's 10th largest drugs company and forms the biggest step so far in the French parent company's attempts to diversify into the higher value added product areas seen as the top earners of the 1990s.

The Rhône-Poulenc parent group earned around a quarter of its FFr73.1bn sales in 1989 from health care, a proportion which is expected to rise steadily.

AT&T steps up battle for NCR with call to unseat the board

By **Karen Zagor** in New York

AMERICAN Telephone & Telegraph (AT&T) has taken another step towards launching a proxy battle in its $6.12bn, or $90-a-share, hostile takeover bid to acquire NCR, the fifth biggest US computer company.

The US telecommunications group yesterday wrote to NCR stockholders asking them to call a special meeting to unseat the majority of NCR's board.

A resolution asking the board to clear the way for stockholders to take advantage of AT&T's offer would be voted on at the meeting.

AT&T told stockholders: "The solicitation statement seeks only your written request for a special meeting. It is not intended to solicit proxies to vote on the issues which would be presented at the special meeting."

The move is in line with the plans AT&T announced in mid-December, following NCR's rejection of the bid as "grossly inadequate". It paves the way for a potentially long takeover fight.

NCR has retained Goldman Sachs as a special adviser in its attempt to resist the bid. The company has said it was not interested in "a white knight, or a knight of any colour".

If the proposed meeting is to take place, at least 25 per cent of NCR's shareholders must call for one. AT&T said in its solicitation that NCR's board had not given stockholders the opportunity to decide whether they wanted to accept or reject the offer.

Instead, AT&T claims that the NCR directors amended the company's poison pill to make a hostile takeover more difficult and altered the golden parachute severance agreements to make it easier for top executives to leave the company.

AT&T said it had not decided which NCR directors it might remove. "Nor have we determined who our nominees would be," AT&T said.

Shares in NCR fell $⅞ to $89⅛, while AT&T slid $⅛ to $30 at mid-session on the New York Stock Exchange.

AT&T is expected to announce the percentage of NCR stockholders willing to tender their shares on January 15, when AT&T's offer expires.

BA to recover £17m from failed venture with Sabena

By Paul Betts, Aerospace Correspondent, in London

BRITISH AIRWAYS is to recoup the £17m ($32.81m) it had invested in the disbanded Sabena World Airlines venture by the end of this year.

The repayment by the Belgian national carrier will be shown in BA's 1991-92 accounts, BA said yesterday.

BA, KLM Royal Dutch Airlines and Sabena announced on new year's eve that they had decided to abandon a joint venture agreed a year ago to form a new European airline called Sabena World Airlines.

BA and KLM were to invest £34m each for 20 per cent stakes in the new Sabena subsidiary.

The plan also involved developing Brussels' Zaventem airport into a large hub serving 75 European cities.

Both BA and KLM had already put up £17m each as down payments for their shares in the venture.

Sabena has agreed to reimburse each airline's investment by converting the down payments into subordinated loans due at the end of this year.

Although the joint venture collapsed, BA confirmed it was keen to continue discussions with Sabena over a possible partnership.

However, any revival of talks will depend on Sabena first completing its own internal review and reorganisation under Mr Pierre Godfroid, its new chairman.

Mr Godfroid has been asked by the Belgian government to draw up a recapitalisation and reorganisation plan for Sabena by the end of this month.

Sabena is expected to consider a number of options, including the revival of a partnership with BA but also possible alliances with other carriers. American Airlines and Trans European Airways (TEA), the Belgian independent charter airline, have recently expressed interest in discussions with Sabena.

Industry analysts suggested yesterday there were still good chances for BA to negotiate a new agreement with Sabena, although any new deal is likely to involve a direct transaction with the Belgian airline's parent company rather than a subsidiary as had been the case with the ill-fated Sabena World Airlines venture.

Telus sells stake in NovAtel

By Bernard Simon in Toronto

TELUS, the Alberta telephone company, has sold its entire interest in NovAtel Communications, a leading cellular phone maker, to the Alberta government after the collapse of a deal to dispose of 50 per cent of NovAtel to Robert Bosch, the German electrical group.

NovAtel has been a significant embarrassment both to Telus and the Alberta government since the company unexpectedly revised forecasts of a 1990 profit to a sizeable loss.

The revised projections were announced during last September's partial privatisation of Telus in Canada's biggest public share offering.

The unexpected turnround at NovAtel, which was blamed on a softening market and product delays, apparently persuaded Bosch to pull out of the C$110m purchase at the end of November. Several senior NovAtel executives have been dismissed.

Alberta will pay C$159.4m (US$137.3m) to buy back NovAtel under an option granted to Telus to reassure buyers of Telus shares in the privatisation.

Telus's net gain will be C$20.4m. The proceeds include a C$50m premium which would have been received from the Bosch deal. The sale is expected to close on Jan 17.

Telus has agreed to provide management and operations services to NovAtel for two years. The telephone company will be entitled to a 10 per cent share of NovAtel's net earnings plus compensation for services provided.

Ansett drops Bombardier aircraft order

By Robert Gibbens in Montreal

BOMBARDIER, the Canadian aircraft and transport group, has suffered a setback to its regional jet programme after Ansett Worldwide Aviation Equipment, Hong Kong, withdrew its commitment to buy 20 aircraft worth about US$300m.

Ansett, a leasing unit of Ansett Transport Industries of Australia, said it exercised its right to drop the order because a financing proposal by Canada's Export Development Corporation was not satisfactory.

Ansett Transport is 50 per cent owned by Rupert Murdoch's News Corp.

The 50-seat regional jet, in short and medium-range versions, begins flight testing in the US this April and deliveries are due to start in 1992. A large fuselage section is being made by Short Brothers in Belfast.

The order book now stands at 119 aircraft including 25 firm and contracted orders from Lufthansa, British Airways, Alisarda of Italy, Air Nova, an Air Canada regional airline, are other leading customers.

Bombardier B shares fell C$⅝ in early trading yesterday to C$14¾.

In the third quarter and nine months Bombardier lifted sales by over 60 per cent following the inclusion of Shorts, ANF in France and Learjet in the US.

However, the impact of the North American recession on consumer products and financial services limited gains in earnings.

Spalvins resigns from board of AWA

By Kevin Brown in Sydney

MR JOHN Spalvins, chief executive of the troubled Adsteam group, yesterday resigned from the board of AWA, an electronics group in which Adsteam holds a small stake, in an attempt to protect the broadcasting licence of Mr Kerry Packer's Channel Nine television network.

The resignation is a further personal blow for Mr Spalvins, following a slide in the value of shares in Adelaide Steamship, the main Adsteam company, from a 1990 high of A$10.50 to less than 50 cents.

However, it appears unlikely to affect negotiations with Adsteam's bankers on the details of a restructuring programme intended to reschedule the group's A$7.2bn (US$5.58bn) debt.

Mr Spalvins resigned from the board of AWA following a warning from the Australian Broadcasting Tribunal that it might not be able to renew the licence for Channel Nine's Sydney station because of a breach of cross-ownership regulations by Adsteam.

The breach arose because Adsteam's 16 per cent stake in AWA gave it an interest in the Sydney radio station 2CH, in addition to its interest in Channel Nine through a 20 per cent holding in Australian Consolidated Investments (previously Bell Resources).

However, Mr Spalvins' resignation from the board of AWA may not be sufficient to clear the way for the renewal of the Channel Nine network's licence.

The tribunal said that it was waiting for detailed information from Adsteam.

Channel Nine, formerly controlled by Mr Alan Bond's Bond Corporation Holdings, is the most successful of Australia's three commercial television networks, and the only one not in receivership.

Mr Packer acquired a controlling interest in the network last year through his private company, Australian Consolidated Press Holdings.

However, Channel Nine remains a quoted company with a number of minority shareholders.

Equitable Life changes direction

Nikki Tait reports on the US insurer's plans for demutualisation

DANCERS, drinkers, trapeze artists and filmgoers cavort across the most recent annual report of Equitable Life, America's third largest insurance group. It is part of a giant mural which hangs in the institution's lobby and supposedly illustrates the "enterprising spirit of American industry" in the heyday of the Twenties.

Today, the choice seems ironic. Worries about the insurer's financial health prompted the Wall Street rumour-mill to suggest last month that a Chapter 11 bankruptcy filing was on the way. The speculation was immediately and strenuously denied by Equitable, but the very fact the story was ever born is testimony to the nervousness surrounding some members of the insurance fraternity.

And, a few weeks later, Equitable announced it intended to "demutualise" – turn itself from a policyholder-controlled entity into one owned by shareholders – in an effort to bolster its capital resources. This is a radical move by any measure, certainly comparable in complexity to the TSB or Abbey National flotations in the UK. Accordingly, it presents two questions.

First, how did one of the largest US life insurers, whose origins date back almost a century and a half, get to a point where it needs to take such a dramatic step? And second, given the straits in which parts of the US insurance sector find themselves, will other mutual companies follow?

Assessing the financial health of the Equitable – as with any insurer – is not just a matter of weighing up whether tomorrow's wage bill can be paid, interest costs met, research and development requirements funded, and so on. It is more a question of estimating the delicate balance between the value of the company's assets and investments and the future stream of liabilities which it will face as policies have to be paid out.

Essentially, the mutual is seen to be suffering on three separate counts. First, during much of the 1980s it pursued an extremely ambitious strategy in terms of the types of contracts sold. It was at the forefront of the push into "guaranteed-investment contracts," for example. These are essentially savings contracts, offering fixed returns over a certain period. However, in some cases – such as Equitable – the returns promised proved impossible to fund profitably when the general level of interest rates turned down.

These GICs alone are reckoned to have cost Equitable over $1bn during the past decade although the insurer has suggested that 1990 should see the end of any major losses related to this type of contract.

Unfortunately, this drain came at time when competition in the industry was leading to the development of less profitable policies anyway. "Universal life contracts," which give holders a flexible mix of insurance and savings, are a good example, with Equitable a significant promoter. Again, the drive for business created strains, both in terms of the relatively costly administration of these contracts and in reserve requirements at a time when the GIC problem was hurting.

The damage was writ large by 1987, when the insurer showed an overall loss of $88m. Its total capital actually shrank from $1.84bn to $1.75bn.

Unfortunately, Equitable was combining these growth ambitions with a less-than-conservative stance on the investment front. A debate rages in the US over accounting on insurance company assets, and Equitable's annual report is not the most transparent of documents. But it is no secret that the group was a visible and active player in the junk bond/leveraged buy-out market of the eighties, to the extent that at end-1989 investments in this area (in the general account insurance portfolio) were valued at $3.96m.

The figure is at cost, with no indication of current value provided. But on that basis, these assets amount to almost 9 per cent of the total.

Meanwhile, real estate-related holdings – another vexatious area for bank and insurance industry investors as the US property market slumps – constituted a further 36 per cent of the portfolio's value, well above the industry average. Worries on this score caused Moody's, one of the large US rating agencies, to downgrade Equitable, together with its Equitable Variable Life subsidiary from A1 to A3 last week. These were two of five down gradings in the sector which the agency made after studying commercial mortgage portfolios.

Moody's stresses that it was not raising alarm bells about liquidity or solvency, and acknowledges that an insurer of Equitable's size and experience is well-placed to ride out the difficult times. Nevertheless, it suggests that the ratings adjustments "reflected an expectation of increased pressures on earnings and capital due to each firm's mortgage exposure, as well as other firm-specific credit factors."

Finally, it is worth noting that the insurer combined the ambitious strategy in its core business operations with broader expansion. Areas tackled ranged from financial services – it acquired the Donaldson, Lufkin & Jenrette brokerage in 1984 – to art acquisitions such as the "America Today" mural. This was bought at the urging of former New York City mayor, Mr Ed Koch, in the same year. With the largesse came escalating salaries.

Equitable's problems have not suddenly emerged. For over a year, there have been attempts to put the mutual's house in better order. Key executives, including former chief executive, Mr John Carter, have been replaced. A programme to cut $150m from annual operating expenses (partly through staff reductions) has been instigated and Mr Richard Jenrette, who came into the group via its purchase of DLJ and is now its chairman, has said that this is complete.

The mutual has also pulled out of certain peripheral areas, such as a healthcare management joint venture which was sold to Cigna for $777m.

But while these moves may have helped, there is little doubt about the sorry state in which Equitable remains. Its end-1989 capital, for example, was under 5 per cent of its insurance liabilities – generally viewed as the minimum prudent level. The first three quarters of 1990, meanwhile, have reduced the group's surplus – essentially the policy holders' cushion – by $91.2m. Last year, there was a slim increase of $15m.

Equitable is not particularly forthcoming about the details of the current year's loss. However, it acknowledges that a "lower return on investments," as well as the costs of pruning operations, was responsible.

"It's pretty clear that they've got to do something," commented Mr Ernie Jacobs, analyst with BZW's New York office, in the wake of last week's news.

No details of the demutualisation scheme – the sums this might bring in, or the timetable envisaged – are being provided at this stage. Certainly, some analysts reckon it will be a "hard sell" given the insurer's problems. And it is, perhaps, significant that Equitable has allowed itself extra leeway by indicating that a handful of "private investors" may be introduced in the interim. They would put up temporary financing, convertible into shares on demutualisation.

But assuming the plan does goes ahead, it will certainly break new ground in the US insurance industry. Demutualisation is a matter for individual states, and attitudes vary. But even where it is allowed, there has been relatively little take-up.

New York State, for example, has seen no life companies take this route since it changed its laws in 1988 and the most commonly quoted instance is that of UNUM, an Oregon-based insurer specialising in disability insurance and employee benefits which changed from mutual to shareholder-ownership status in 1986. Moreover, looking at the complexity of the procedure, analysts are reluctant to predict much upsurge in interest, even if Equitable's example does cause more mutuals to consider the option.

The point is made that Equitable, in the hands of Mr Jenrette, is essentially run by a Wall Street player. Accordingly, it may be particularly inclined to think in Wall Street-type solutions.

There is also the question of time. If it takes 18 months or so to effect a demutualisation, as Equitable suggests, this is scarcely a quick fix. "By the time some companies wake up to the problems, it could simply be too late," said one analyst gloomily.

INTERNATIONAL COMPANIES AND FINANCE

Balanced argument on Greek accounts

Every Greek company, so the saying goes, has three sets of books: one for the auditor, one in the accounts department and one small black notebook in the managing director's pocket.

This tradition has come under close scrutiny in the past few years as dozens of successful family-owned companies were taken over.

"The procedure for a potential buyer," said an Athens-based acquisitions specialist, "is first to decipher the balance sheet and then, if possible, to get a look at the figures in the little black book."

Auditing of local banks, insurance firms and companies listed on the Athens Stock Exchange, as well as corporations with revenues of at least Dr400m (US$2.6m) and more than 50 employees, is the exclusive prerogative of the 150-member Body of Certified Public Accountants, known as SOL.

This 45-year-old monopoly has periodically been challenged by local branches of the big international accounting firms. They claim SOL is a quasi-state organisation whose members have the status of privileged civil servants and whose methods fall well short of accounting standards in the rest of the EC.

"It's an anomalous situation.

Kerin Hope looks at the key role of auditors from SOL, which is being challenged by international accounting firms

SOL is a closed shop run by people who don't have a strong accounting training to operate to international standards or act as a pressure group to modernise Greek accounting," said Mr George Samothrakis of Coopers & Lybrand Greece.

Other critics of SOL's performance in auditing some 1,500 Greek companies annually, speak of a marked reluctance to attend year-end inventory counts or to consider whether a company has problems in remaining a going concern.

Questions have also been asked about the auditors' failure to pinpoint irregularities at the Bank of Crete where a $200m embezzlement scandal came to light in 1988.

In fact, the auditors from SOL are not likely to be held accountable for any mistakes they might make: they are absolved of responsibility at the annual shareholders' meeting after their audit.

Most Greek corporations have only a handful of shareholders and even those listed on the stock exchange are not required to make more than 12.5 per cent of their equity available to the public in the form of voting shares.

The international accountants have made little headway in the past with their complaints, but pressure for change is growing now that the Greek Industrialists' Federation is also demanding full liberalisation of accounting practices.

Foreign companies operating in Greece and finance specialists at local universities have expressed similar opinions, with the result that the commerce ministry last month set up a committee to examine whether SOL's monopoly should be abolished.

"I don't consider SOL a state organisation. Its members are independent professionals but their privileges are such that they appear to be state employees," said Mr Athanassios Xarhas, the minister of commerce. "The government hasn't taken a position yet, apart from wanting to make life easier for foreign companies operating in Greece.

At the SOL offices in Athens senior members point out Greek legislation on accounting has already been brought into line with EC directives.

They stress their independence and dismiss any suggestion that their professional standards might be lacking as "sour grapes" on the part of international accounting firms anxious to carve out a larger slice of business in Greece.

"We are not accountable to any state body. We're professionals paid by fees not salaries. There is no way we can be considered civil servants," said Mr Costas Aessiopoulos.

Audited balance sheets are published in newspapers, but the auditors' remarks, which can radically alter the picture presented by the company, appear only in the weekly Government Gazette.

As the auditors frequently note, few of Greece's leading companies make provisions in the balance sheet for employee termination benefits, losses on long-term contracts, doubtful debts or deferred taxation.

PDVSA posts unchanged profits

By Joe Mann in Caracas

PETROLEOS de Venezuela (PDVSA), Venezuela's national oil company, recorded flat profits last year. It earned net profit of $2.12bn in 1990, compared with $2.11bn the year before.

Last year the oil company, one of the world's largest, lifted exports to $13.5bn, according to Mr Celestino Armas, Venezuela's Minister of Energy and Mines, against $10.5bn in 1989.

The minister did not provide a figure on PDVSA's total revenues for 1990, including both foreign and domestic sales.

The Venezuelan government ordered PDVSA to place $850m of its 1990 revenues in a recently created "macro-economic stabilisation fund" to be used as a buffer against future swings in international oil prices.

If not for the fund, much of this figure would have appeared in the 1990 profits.

PDVSA had average crude oil production of 2.35m barrels a day (b/d) in 1990, and exports of crude and refined products averaging 1.85m b/d, according to the official.

The company plans to invest a total of $5bn this year in exploration, production, refining, transportation, petrochemicals, domestic market and coal.

This is the largest amount ever invested by the Venezuelan petroleum industry during a single year, and forms part of a five-year $25bn investment programme.

PDVSA's main targets for 1991 are crude oil production of 2.5m b/d and export revenues of $16.5bn (exports volume of 1.9m b/d at around $20 per barrel).

The company plans to keep its proved reserves of crude oil this year at 58.9bn barrels, about the same as in 1990.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8.10 pm on January 2

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	100⅞	101¼	+⅛	8.39
ALBERTA PROVINCE 9 3/8 95	600	103½	103¾	+⅜	8.45
AUSTRIA 8 1/2 00	400	98¼	98½	+¼	8.81
BANK OF TOKYO 8 3/8 96	100	97¾	98¼	+⅛	8.91
BELGIUM 9 1/8 92	400	101½	101¾	-⅛	8.10
BFCE 7 3/4 97	150	96¼	96½	+⅛	8.57
BNP 8 5/8 94	300	101¼	101½	+¼	8.22
BP CAPITAL 9 5/8 93	150	102¼	103¼	+¼	8.37
CANADA 9 96	1000	103¼	103½	+⅛	8.22
CARCO 9 1/4 96	650	98½	99	+¼	9.58
CCCE 9 1/4 95	300	103¼	103½	+¼	8.32
COUNCIL EUROPE 8 96	100	98¼	98½	+½	8.42
CREDIT FONCIER 9 1/2 99	300	103⅞	104¼	+½	8.80
DENMARK 0 98	250	52½	53¼	+¼	8.85
DENMARK 8 1/4 94	150	99⅞	100⅛	+¼	8.31
ECSC 8 1/4 96	193	98⅞	99¼	+⅛	8.49
EEC 7 1/4 93	250	98⅝	99	+⅛	7.94
EIB 7 3/4 96	250	97¼	97⅝	+¼	8.37
EIB 10 97	250	106½	106⅞	+⅛	8.60
ELEC DE FRANCE 9 98	200	101⅞	102¼	+⅛	8.65
EUROFIMA 9 1/4 96	100	102½	103½	+⅝	8.62
EXPORT DEV CORP 9 1/2 98	150	103½	103⅞	+⅛	8.83
FINLAND 7 7/8 97	200	95¾	96¼	+¼	8.89
FINNISH EXPORT 9 3/8 95	200	103⅛	103⅝	+⅛	8.48
FORD MOTOR CREDIT 9 1/2 93	300	101¼	101⅝		9.00
GEN ELEC CAPITAL 9 3/8 96	300	103¼	103⅝	+½	8.58
GMAC 9 1/8 96	200	99	99½	+⅜	9.36
HALIFAX 9 1/2 93	200	102¼	102⅝	+¼	8.47
IBM WORLD TRADE 7 5/8 93	150	98⅛	98⅝	+⅛	8.37
IND BK JAPAN FIN 7 7/8 97	200	94⅞	95⅜	+¼	8.96
INTER AMER DEV 7 5/8 96	200	95⅝	96	+¼	8.61
ITALY 8 1/2 94	1500	100⅞	101¼	+¼	8.21
JAPAN DEV BK 8 94	150	99⅛	99⅝	+¼	8.19
KANSAI ELEC PWR 10 96	350	104½	105	+⅛	8.90
LTCB 8 5/8 93	150	100¼	100⅝	+⅛	8.53
NEW ZEALAND 8 93	100	99¼	99¾	+¼	8.31
NIPPON CRED BK 9 3/4 93	150	102⅞	103¼	+¼	8.52
NIPPON TEL & TEL 9 3/8 95	200	103	103½	+⅛	8.48
NORDIC INV BANK 9 93	200	102	102⅜	+¼	8.04
ONTARIO HYDRO 11 5/8 94	200	107½	108⅜	-⅛	8.79
OSTER KONTROLLBANK 8 1/8 93	200	100¼	100⅞	+¼	7.91
PETRO-CANADA 7 1/4 96	200	94½	95	+½	8.55
PRUDENTIAL RLTY SECS 0 99	365.216	49¼	49⅝	+¼	9.25
QUEBEC HYDRO 9 3/4 98	150	102⅝	103¼	+¼	9.25
QUEBEC PROV 9 98	200	99⅞	100⅛	+¼	9.01
SAINSBURY 9 1/8 96	150	101½	102¼	+¼	8.77
SAS 10 99	200	100¼	101⅛	+¼	9.90
SBAB 9 1/2 95	500	103¼	103¾	+⅛	8.52
STATE BK STH AUST 9 1/4 93	100	101¼	101⅝	-⅛	8.62
SUMITOMO BK CAP MKT 9 3/8 93	150	102¼	102⅝	+⅛	8.50
SWEDEN 8 1/8 94	150	99½	100	+¼	8.39
SWEDISH EXPORT 9 5/8 93	100	103	103½	+¼	8.03
TOKYO METROPOLIS 8 1/4 96	200	98⅝	99	+¼	8.55
WORLD BANK 8 3/8 99	1500	99⅛	99¾	+⅜	8.70
WORLD BANK 8 3/4 97	1500	101⅛	101⅞	+⅛	8.55
XEROX CORPN 8 3/8 96	100	94¼	96¼	+1½	9.59

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 8 94	200	96½	96½		9.26
AUSTRIA 6 98	400	84½	84½	+¼	8.99
CNT 6 1/8 98	200	83⅞	83⅞	+⅛	9.20
CREDIT FONCIER 6 3/4 99	500	86¼	86¼	+½	9.19
DEUTSCHE BK FIN 5 5/8 96	750	86¼	86¼		8.93
EEC 5 3/8 93	300	93¼	93¼		9.21
EIB 6 1/8 96	300	88½	88½	+1¼	8.84
EIB 6 7/8 95	300	93	93	+1¼	8.69
EUROFIMA 6 1/4 98	400	85¼	85¼	+¼	9.01
FELDMUEHLE FINANCE 8 97	200	91½	91½		9.44
FERRO DEL STAT 5 3/8 93	500	93¼	93¼		9.15
IND BK JAPAN FIN 5 5/8 96	200	84¼	84¼	+⅛	9.56
INTER AMER DEV 7 1/4 99	300	89¼	89¼	-⅛	9.11
LUFTHANSA INT FIN 5 7/8 98	500	82¼	82¼		9.32
QUEBEC HYDRO 6 3/4 99	300	85¼	85¼	-¼	9.39
SWEDEN 6 1/8 98	300	85¼	85¼		8.88
WORLD BANK 0 15	2000	15⅛	15⅛	-⅛	7.79
WORLD BANK 5 3/4 96	300	86½	86½	+⅛	9.11
WORLD BANK 7 1/8 95	500	93¼	93¼		9.04

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	82½	84		7.75
AUSTRIA 4 5/8 98	100	86¼	87		7.06
CHUJITSUYA 7 3/4 95	50	100½	101½		7.60
COUNCIL EUROPE 4 3/4 98	250	84½			7.65
EEC 5 1/2 00	100	86	87		7.56
EIB 5 3/4 93	100	96½	97½		7.15
FINLAND 5 3/8 95	150	94	95		6.87
GENERAL MOTORS 7 1/2 95	100	101			7.21
JAPAN DEV BK 5 1/2 94	100	97¼	97¾		6.50
MOUNT ISA FINANCE 5 3/4 94	100	86¼	88		10.63
NEW ZEALAND 4 7/8 99	200	82½	83½		7.88
QUEBEC HYDRO 5 08	100	74	75½		7.79
SKANDINAVISKA ENSK 6 1/2 95	100	95	96		8.00
WORLD BANK 5 03	150	80	80¼		7.50
WORLD BANK 7 1/4 92	100	99½	100¼		7.56

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	93¼	94	+⅛	7.10
CANADA 4 3/8 92	80000	96	96¼		7.29
CREDIT FONCIER 5 1/4 94	20000	93½	94		7.19
DENMARK 7 95	40000	99⅝	100⅛		7.03
EIB 4 5/8 94	40000	92¼	93		7.12
GENERAL ELECTRIC 5 3/4 93	35000	96½	97		7.48
INTER AMER DEV 7 1/4 00	30000	101⅞	102¼		6.96
ITALY 5 3/4 92	150000	98¼	98½		7.40
KANSAI ELEC PWR 4 5/8 94	60000	92¼	93	+⅛	7.14
NIPPON TEL & TEL 5 7/8 96	50000	95¼	95½	+⅛	6.90
NORWAY 5 1/8 95	30000	93¼	93½		7.01
SWEDEN 5 5/8 95	20000	94	94½		7.16
WORLD BANK 6 3/4 00	50000	99	99¼		6.89

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
COUNCIL EUROPE 7 94 LFr	600	93⅞	94⅞		9.33
KREDIETCORP 7 93 LFr	1000	93¼	94¼		10.04
WORLD BANK 8 96 LFr	1000	94	95		9.47
AMRO BANK 6 1/4 92 Fl	150	94⅝	95⅛		9.96
RABOBANK 5 3/4 93 Fl	150	92¼	93		9.88
ALBERTA PROVINCE 10 92 C$	500	97⅞	98¼	+⅛	11.49
BCE INC 9 5/8 93 C$	300	95⅛	96¼		11.76
BELL CANADA 10 5/8 99 C$	150	95¼	95⅜		11.50
BRITISH COLUMBIA 9 1/4 93 C$	150	95⅝	96¼		11.61
EIB 10 1/8 98 C$	130	95⅞	96⅜		10.97
FORD CREDIT CANADA 10 94 C$	100	95¼	95⅝	+¼	11.69
GENERAL ELECT CAP 10 1/4 93 C$	175	98¼	98⅝	+¼	10.98
MONTREAL TRUSTCO 8 1/2 92 C$	100	95½	96	+⅛	12.57
ONTARIO HYDRO 10 7/8 99 C$	500	97½	97⅞		11.34
QUEBEC PROV 10 1/2 98 C$	200	95¼	96¼		11.33
ROYAL TRUSTCO 10 1/4 93 C$	100	96¼	96⅝		12.13
SWEDEN 9 3/4 93 C$	250	97¼	97⅝		11.09
AUSTRIA 7 3/8 93 Ecu	125	93⅞	94⅞	+½	10.54
CNT 7 3/8 93 Ecu	250	93	93½	+⅛	10.68
CREDIT LYONNAIS 9 96 Ecu	125	93⅞	94⅝	+½	10.66
DENMARK 7 5/8 96 Ecu	250	89⅝	90¼	-⅛	10.23
EEC 7 5/8 94 Ecu	200	93	93½	-⅛	10.32
EIB 10 97 Ecu	1125	99¼	99⅞	-⅛	10.05
ITALY 10 3/4 00 Ecu	1000	103½	103⅝	-⅛	10.15
SWEDEN 7 1/2 93 Ecu	250	92	93¼		10.88
BMW FINANCE 14 1/2 92 A$	100	101⅞	102¼		12.90
COUNCIL EUROPE 13 93 A$	50	102⅞	103¼		11.64
EKSPORTFINANS 12 3/8 95 A$	75	100¼	100⅞		12.24
FORD CRED AUST 13 93 A$	50	99⅞	100¼		13.07
ICI 15 1/2 92 A$	100	102½	103	-⅛	13.25
MCDONALDS CANADA 15 95 A$	100	105⅝	106¼	+⅛	13.19
NAT AUSTRALIA BANK 14 3/4 94 A$	150	103⅞	104⅜		13.22
STATE BK NSW 14 1/4 99 A$	100	107⅝	108		12.72
VOLKSWAGEN INTL 15 94 A$	100	105	105½	+⅛	12.97
ABBEY NATL TREAS 13 3/8 95 £	100	102⅝	103¼	-⅛	12.49
BARCLAYS JERSEY 9 1/2 93 £	250	94	94⅛		12.66
BRITISH GAS 12 3/4 95 £	150	103	103⅜		11.77
DEUTSCHE BK FIN 11 94 £	225	97¼	97½		12.12
EIB 10 97 £	300	93⅛	93⅝		11.57
FORD CREDIT FUNDING 9 5/8 93 £	50	93⅝	93⅞		13.24
INTER AMER DEV 11 3/8 95 £	75	98½	99¼	-⅛	11.78
ITALY 10 1/2 14 £	400	90¼	90½	+⅛	11.72
LAND SECS 9 1/2 07 £	200	77⅜	77⅞	+¼	12.86
LEEDS PERMANENT 9 1/4 93 £	50	93⅛	93⅝	-⅛	12.67
NORWAY 10 1/2 94 £	200	96¼	96½		12.04
ROLLS-ROYCE 9 5/8 93 £	150	93¼	93⅝		12.88
SAINSBURY 10 7/8 93 £	100	96⅞	97½		12.72
SKANDINAVISKA ENSK 13 1/8 95 £	100	102¼	102⅝	+⅛	12.37
WORLD BANK 11 1/4 95 £	100	98⅝	99¼		11.62
ABBEY NATIONAL 0 96 NZ$	100	46½	47¼		14.23
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	99½	100½		13.28
AIDC 7 7/8 93 FFr	600	93½	94		10.70
CREDIT LYONNAIS 10 95 FFr	2000	97⅞	98¼	-⅛	10.63
EURATOM 7 5/8 98 FFr	500	86½	87	-⅛	10.28

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ABBEY NATIONAL 1/16 00 £	150	99.90	99.98	13.9375
ALBERTA PROVINCE 1/32 93	500	99.78	99.89	7.9938
ALLIANCE & LEICS 0.08 94 £	300	99.45	99.50	13.9550
BANCO ROMA 0.03 01	200	91.00	92.50	7.9363
BANCO SANTO SPIRITO 93	200	99.48	99.58	8.4375
BELGIUM 1/16 97 DM	500	99.96	100.08	8.8125
BFCE -0.02 96	350	99.60	99.71	7.7925
BNP 05	300	97.50	98.00	8.0938
BRITANNIA 1/10 96 £	150	99.33	99.38	13.9750
CCCE 06 ECU	300	99.95	100.05	10.0000
CITIZENS FED 0.15 96	100	99.50	99.84	8.2125
COMMERZBK O/S FIN 93	200	99.61	99.71	7.9375
DENMARK -1/8 96	1000	98.94	99.05	8.0000
ELEC DE FRANCE 1/8 99	400	99.94	100.38	8.3750
FERRO DEL STAT 94	200	100.11	100.21	8.2500
HALIFAX 1/10 94 £	200	99.65	99.70	13.9750
HILL SAMUEL 1/4 PERP	75	86.00	88.00	8.5000
MITSUI FIN ASIA 1/8 96	100	99.03	99.13	8.1875
MORGAN (JP) 1/4 97	250	97.50	98.50	8.4375
NAT WEST FIN 3/16 05	400	92.13	93.13	8.3125
NEW ZEALAND 93	500	99.44	99.56	8.0625
QUEBEC PROV 01	300	97.01	97.14	8.1250
RENFE 98	500	99.76	99.86	7.8750
SOCIETE GENERALE 96	300	98.31	98.41	8.0000
STATE BK VICTORIA 0.05 99	125	97.86	98.11	8.4375
UNITED KINGDOM -1/8 96	4000	99.98	100.04	7.9375

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.95	105½	106½	+26.51
ASDA-MFI 4 3/4 02 £	100	1.64	108½	109½	+49.53
BURTON GROUP 4 3/4 01 £	110	3.15	106½	108	
EASTMAN KODAK 6 3/8 01	300	50.67	96½	97½	+17.62
GOLD KALGOORLIE 7 1/2 00	65	1.0554	64½	65½	+36.36
GOODYEAR TIRE 6 7/8 03	150	80¼	55⅛	57¼	
GRACE (WR) 6 1/4 02	150	42¼	73⅛	74⅛	+29.90
GRAND MET 6 1/4 02 £	100	6.58	102½	103⅛	-0.20
HAWLEY 6 02 PREF	400	1.91	92	94	+30.75
HILLSDOWN 4 1/2 02 £	150	4.16	103¼	104¼	+76.16
INTL PAPER 5 3/4 02	200	68¼	90¼	91¼	+15.55
LAND SECS 6 3/4 02 £	84	6.72	87	88	+11.79
MITSUBISHI BK 1 3/4 02	300	2727.1	84	86	-2.06
OGDEN 6 02	85	39.077	65½	66½	+36.51
PACIFIC DUNLOP 6 3/4 97	75	3.749	103¼	104¼	+2.23
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	80¼	81⅛	+75.29
THORN EMI 5 3/4 04 £	103	7.45	103⅞	104⅞	+14.31

* No information available - previous day's price

‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg day = Change on day

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Data supplied by Association of International Bond Dealers

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Monday December 31 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Fri Dec 28 Index No.	Thu Dec 27 Index No.	Mon Dec 24 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (196)	719.22	-0.2	14.79	6.64	8.25	36.40	720.76	721.48	719.27	927.39
2	Building Materials (26)	985.66	......	14.62	6.20	8.42	45.79	985.09	988.02	978.98	1142.39
3	Contracting, Construction (34)	1136.06	+0.2	16.45	7.08	7.90	59.77	1133.93	1133.25	1121.92	1551.82
4	Electricals (10)	1882.35	-0.1	14.93	7.09	8.19	99.95	1884.47	1884.58	1892.21	2664.89
5	Electronics (26)	1518.10	-1.4	10.55	5.67	12.63	72.18	1539.44	1539.64	1541.09	1930.96
6	Engineering-Aerospace (8)	398.60	-0.3	16.84	6.13	7.11	17.48	399.98	400.06	403.36	0.00
7	Engineering-General (48)	365.48	......	16.00	7.02	7.54	19.45	365.49	364.84	364.18	0.00
8	Metals and Metal Forming (8)	403.78	-0.1	22.63	8.52	5.46	26.05	404.32	404.30	403.29	478.70
9	Motors (13)	296.64	+0.2	16.82	8.11	6.93	17.66	295.99	293.93	294.24	386.31
10	Other Industrial Materials (23)	1243.92	......	13.50	6.57	8.57	63.45	1244.09	1249.32	1243.95	1738.28
21	CONSUMER GROUP (178)	1228.68	-0.2	9.97	4.24	12.47	39.15	1231.67	1233.24	1224.58	1331.80
22	Brewers and Distillers (22)	1591.87	-0.3	10.23	3.91	12.03	45.56	1597.40	1603.83	1591.91	1546.20
25	Food Manufacturing (19)	1030.91	-0.3	11.20	4.80	11.02	35.31	1034.03	1034.18	1032.12	1173.45
26	Food Retailing (16)	2283.15	-0.2	9.88	3.30	13.23	64.97	2287.95	2292.15	2281.68	2315.06
27	Health and Household (18)	2568.62	-0.1	6.95	2.95	17.03	59.28	2571.03	2576.85	2552.46	2722.96
29	Leisure (32)	1208.61	-0.7	12.29	5.53	9.87	50.68	1217.10	1222.76	1205.61	1671.48
31	Packaging & Paper (12)	523.99	-0.3	10.20	6.56	12.04	24.40	525.71	521.57	522.34	557.55
32	Publishing and Printing (13)	2972.06	+0.1	12.09	6.38	10.35	140.95	2969.45	2956.44	2959.34	3782.54
34	Stores (34)	784.81	-0.2	10.87	4.65	11.98	26.84	786.45	785.36	777.47	802.39
35	Textiles (12)	412.77	+0.2	14.11	8.60	9.10	27.62	412.07	412.00	411.36	529.97
40	OTHER GROUPS (105)	999.65	-1.4	12.74	5.78	9.50	43.33	1013.62	1015.61	1009.36	1204.08
41	Agencies (14)	954.52	+0.1	11.11	3.52	10.90	25.17	953.43	941.37	920.13	1564.46
42	Chemicals (23)	1035.98	-0.8	13.10	6.51	9.01	52.01	1044.54	1046.75	1045.01	1242.60
43	Conglomerates (13)	1258.48	-3.1	13.98	7.95	8.51	74.22	1299.13	1303.21	1291.13	1637.07
44	Transport (15)	1912.40	+0.4	13.61	5.37	9.04	79.19	1905.49	1902.93	1899.25	2342.98
46	Telephone Networks (3)	1141.07	-2.1	11.72	4.43	11.10	43.62	1165.21	1172.16	1164.99	1264.84
47	Water (10)	2204.34	-0.7	14.21	6.36	7.94	68.12	2220.60	2206.25	2188.87	0.00
48	Miscellaneous (27)	1557.84	-0.7	11.98	5.77	9.71	66.29	1568.61	1575.62	1569.52	1968.45
49	INDUSTRIAL GROUP (479)	1033.85	-0.6	11.87	5.23	10.33	40.85	1039.99	1041.48	1035.33	1205.72
51	Oil & Gas (21)	2296.62	-0.8	9.74	5.55	13.41	95.66	2316.22	2339.50	2341.88	2464.61
59	500 SHARE INDEX (500)	1137.75	-0.6	11.54	5.28	10.70	45.34	1144.96	1148.10	1142.54	1310.62
61	FINANCIAL GROUP (102)	710.09	-0.5	-	6.75	-	35.44	713.30	715.13	712.63	866.85
62	Banks (9)	757.98	-0.4	21.24	7.64	6.16	43.40	761.24	760.61	755.73	892.48
65	Insurance (Life) (7)	1269.68	-0.6	-	6.05	-	55.82	1277.15	1280.71	1276.23	1463.80
66	Insurance (Composite) (6)	604.02	-1.6	-	7.08	-	32.08	613.71	619.31	618.77	768.11
67	Insurance (Brokers) (8)	1028.50	+1.6	7.36	6.30	17.81	48.39	1011.86	1005.07	994.74	1187.21
68	Merchant Banks (7)	355.41	-0.1	5.48	5.78	24.32	15.48	355.92	357.40	358.51	483.49
69	Property (44)	963.53	......	7.30	5.17	18.54	35.66	963.06	967.81	967.39	1233.07
70	Other Financial (21)	252.28	-0.1	10.87	7.21	11.64	14.03	252.56	253.51	253.63	340.64
71	Investment Trusts (70)	1002.09	-0.4	-	4.04	-	31.06	1006.30	1009.26	1008.16	1296.98
91	Overseas Traders (5)	1201.81	-0.2	11.88	7.69	10.02	70.90	1203.87	1206.92	1200.81	1604.27
99	ALL-SHARE INDEX (677)	1032.25	-0.6	-	5.47	-	42.52	1038.43	1041.26	1036.52	1204.70

As a result of a computer programming problem, the FT-Actuaries Equity Indices table published in yesterday's FT showed incorrect names or numbers for several equity groups and sub-sectors. A corrected table for December 31 appears above.

Cuts in prime rate help US Treasuries advance

By Karen Zagor in New York and Deborah Hargreaves in London

US Treasury bonds moved broadly higher yesterday morning with prices supported by hopes of a diplomatic solution to the Gulf crisis, cuts in the prime rate by a number of leading US banks and signs of continued economic weakness.

At mid-session, the Treasury's bellwether 30-year bond was up ¾ at 106$\frac{11}{32}$, yielding 8.17 per cent, while the two-year note was $\frac{1}{32}$ higher for a yield of 7.08 per cent.

The Federal Reserve arranged $2bn in customer repurchase agreements when Fed Funds were trading at 7$\frac{5}{16}$ per cent. The move was seen as another sign that the target for the Fed funds is 7 per cent.

Bond prices moved sharply higher on the news that the purchasing managers index fell to 40.4 per cent in December, down from 41.3 per cent in November.

A large number of US banks including Citibank, Continental and Morgan Guaranty Trust cut their base lending rates to 9.5 per cent from 10 per cent yesterday morning in response to the Federal Reserve's recent discount rate cut.

■ THE UK market for gilt-edged securities was stronger as traders digested remarks made by Mr Norman Lamont, the UK chancellor, in interviews over the weekend, which dashed some hopes of an early cut in interest rates. The effect on the bond market was a small shift in the yield curve as investors moved from short-dated securities to issues with longer maturities.

This was enough to push up the price of a benchmark long issue which matures in 2003/07 by $\frac{17}{32}$ to 106$\frac{15}{32}$ to offer a yield of 10.78 per cent. Activity in the sterling market picked up from its seasonal torpor yesterday, but the futures contracts were still not fully mobile.

■ THE GERMAN government bond market remains soft as traders come back from the holiday. The market is still absorbing the small New Year issue of bonds which was launched on December 27 to sparse demand.

Bund futures traded in a narrow range yesterday with a high of 81.99 quite near the open of the market and a low of 81.72. The market closed at 81.85 and the average yield on German paper remained virtually unchanged at 9.02 per cent.

■ THE FRENCH government is due to make its first bond issue of the new year today when it offers FFr6bn to FFr8bn of bonds at an auction. It will offer a 10-year bond carrying a coupon of 9.5 per cent and maturing on January 25 2001, which is likely to become the new benchmark once enough paper has been sold.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	09/92	102-28	-2/32	11.57	11.54	11.19
		9.000	03/00	89-23	+9/32	10.79	10.76	10.69
		9.000	10/08	89-07	+13/32	10.33	10.30	10.38
US TREASURY *		8.500	11/00	103-12	+16/32	8.00	8.11	8.20
		8.750	08/20	108-11	+23/32	8.18	8.29	8.34
JAPAN	No 119	4.800	6/99	88.2094	+0.101	7.02	7.13	7.37
	No 129	6.400	03/00	98.4589	+0.113	6.67	6.73	7.03
GERMANY		9.000	10/00	99.7500	-0.250	9.03	8.99	8.80
FRANCE	BTAN	9.000	11/95	95.3188	-0.070	10.25	10.28	10.06
	OAT	8.500	03/00	91.2500	+0.060	9.98	10.04	9.96
CANADA *		10.500	03/01	102.0500	+0.625	10.17	10.27	10.51
NETHERLANDS		9.250	11/00	100.1600	-0.090	9.22	9.17	9.06
AUSTRALIA		13.000	07/00	105.3694	+0.197	12.04	12.08	12.10
BELGIUM		10.000	08/00	100.0000	+0.400	9.98	9.81	9.69

London closing, *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

One new issue starts the year

By Tracy Corrigan

A SURGE of new issues expected to start the year has yet to materialise, with only one new issue launched yesterday. But despite the pall cast over the market by the growing threat of war in the Gulf, the pace of activity is likely to pick up somewhat, as a number of borrowers are said to be keen to press ahead with funding.

Most dealers had flat trading positions ahead of the Christmas break and are now ready to take some new bonds on to their books. However, traders are unlikely to build up large positions, given the potential for volatility later in the month.

INTERNATIONAL BONDS

The only new issue to emerge was an A$75m Eurobond for the Australian arm of French bank Crédit Lyonnais, launched by Hambros Bank. The 13 per cent three-year bonds were targetted at retail investors, and traded inside 1½ point fees at less 1.35 bid.

Although still less than inspiring, interest rate swaps in the Australian dollar sector have improved enough to allow some less aggressive borrowers to meet floating-rate funding targets. This deal was swapped into floating-rate Australian dollars, at a level reckoned by dealers to be 20 basis points below Australian bank bills.

Deutsche Bank rolls eastern unit into parent

By Katharine Campbell in Frankfurt

DEUTSCHE BANK'S east German operations have, as planned, been folded into the Frankfurt-based parent with effect from December 27, giving Germany's largest bank direct representation via a network of some 170 branches in the eastern Länder (states).

The bank would not disclose how much it paid to the Treuhand (the trust body administering east German privatisation) for the remaining 15.3 per cent of the joint venture with Kreditbank, the former east German state commercial banking operation, but has said that the total investment exceeds DM1bn ($671m).

While the "Kreditbank" appendage – which had always appeared in extremely fine print since Deutsche began operations in the east after currency union last July – is painted out, some personnel questions remain unclear. Deutsche yesterday had no information on the position of Mr Edgar Most, head of Deutsche Kreditbank and, until now, a board member of the joint venture.

Early this year, Deutsche will also fold its wholly owned subsidiary Deutsche Bank Berlin into the group, as the separation is no longer necessary in a united Germany.

● The joint venture between Deutsche Bank and Gerling, the country's largest industrial insurer, announced last May, will begin operations during the first quarter of 1991, following approval from federal regulators.

Firmen-Lebensversicherungs-AG der Deutschen Bank will have subscribed capital of DM10m, of which Gerling will contribute 30 per cent. It is designed to provide life policies for companies, primarily small and medium-sized, offering such benefits to their employees – a fast growing market, according to Deutsche.

The bank's foray into life insurance for individuals, through Deutsche Lebensversicherung, has started briskly. It has now signed up around 100,000 contracts, with a total sum insured of DM9bn.

A tale of two tax haven cities

Bernard Simon on the attractions of Montreal and Vancouver

Montreal and Vancouver are slowly starting to make a name for themselves as tax havens for the international financial services industry.

A growing number of foreign banks and asset management companies has registered as international financial centres (IFCs) in the two cities to take advantage of tax incentives offered by Quebec and British Columbia, and to a lesser extent, the federal government.

In one of the biggest deals of its kind, Canadian Imperial Bank of Commerce said that it realised a "fairly substantial" tax refund recently by financing a C$35m (US$30m) lumber deal with Algeria through its Vancouver IFC office.

Quebec's IFC incentives were a factor in Edinburgh-based Dunedin Fund Managers deciding to move its North American head office from Albany, New York, to Montreal. Besides corporate tax benefits, Dunedin's president Mr Douglas Waggoner, who is an American, pays no Quebec income tax for two years. His Canadian employees' tax liability is cut by a third.

A total of 47 Canadian and foreign institutions have paid C$5,000 each to register as IFCs in Vancouver, while 27 have signed up in Montreal. Other newcomers in Montreal include UK merchant banks, S.G. Warburg and Schroders.

Mr Jean Labonté, president of the International Financial Centres Organisation of Montreal, estimated that foreign exchange trading within the IFC rules now totalled about C$2bn a day in Montreal.

The IFCs date back to the early 1980s when Quebec's separatist government was looking for ways to counter the recession and the flight of capital to Toronto. British Columbia also took up the idea.

The federal government agreed to designate the two cities as "international banking centres" in 1986. Under the federal rules, banks and trust companies doing business there are exempted from corporate income tax on specified transactions with non-residents.

But the concessions are tightly circumscribed to minimise tax leakage and to avoid offending Toronto. For instance, the federal legislation requires that 96 per cent of all deposits and loans which qualify for IFC status must be matched each day. "Very few people do any deals," said Mr Alan Vichert, assistant director of IFC Vancouver, a private-sector group.

The carrots offered by the two provincial governments are much more attractive. Tax breaks apply to a wide range of banking and securities transactions with non-residents.

Furthermore, the incentives benefit not only financial institutions, but also portfolio managers, factoring companies and even purveyors of financial newsletters.

An amendment to the British Columbia law last September allows asset management companies to qualify for provincial tax exemptions even if their clients are Canadian residents, provided that the portfolios under management consist of foreign securities.

The drawback is that the benefits apply only to provincial taxes. BC's corporate income tax rate is 14 per cent, about one-third of the federal rate. In Quebec, it is only 6 per cent. Only Quebec offers personal income tax holidays to employees of companies which have registered as IFCs.

IFC lobby groups in Quebec and BC are pressing for further concessions. They want Ottawa to loosen the rules on matching deposits and loans. The Montreal IFC is examining the feasibility of extending tax breaks to the reinsurance industry.

Mr Vickerd in Vancouver acknowledged that "our legislation on its own isn't good enough to attract people". But he contended that other factors, such as Canada's political stability and Vancouver's easy-going lifestyle, provided "some very nice icing on the cake."

LASMO raises loan of £175m

By Deborah Hargreaves

LASMO, the UK oil company, has raised a 13-year £175m floating rate loan facility from Barclays Bank. The loan is secured on £180.5m of "Elf loan notes" which LASMO received when it sold its shares in Enterprise Oil to Elf Aquitaine, the French oil and chemicals group, in 1988.

The security on the loan means LASMO pays a lower rate of interest than it otherwise would for funds. It pays an interest margin of 25 basis points over the London Interbank Offered Rate for the loan which will be repaid in full on December 22, 2003.

The financing follows a £100m loan raised by LASMO from the European Investment Bank at the end of December and completes the company's funding requirements for developing the Piper and Saltire oil field in the North Sea.

LASMO has used the loan notes which have a life of 15 years as security for previous financing. It raised £150m two years ago with a public bond issue which was secured on £187.5m of the Elf loan notes. LASMO believes it would currently be very difficult for it to obtain 13-year money without offering the security. Secured financing is being used more widely by companies that find it easier and cheaper to raise funds by this route.

New president at Hispano Americano

By Tom Burns in Madrid

MR JOSE Maria Almusategui, the deputy chairman and managing director of Banco Hispano Americano, Spain's fifth ranked bank in deposit terms, yesterday became the bank's president, succeeding his long-time associate Mr Claudio Boada.

The hand-over had been arranged last year when Mr Boada turned 70, which is the retirement age for a president under the rules of Hispano's board.

Mr Almusategui's succession was seen by market analysts as a signal of continuity at Hispano Americano, a bank that under a cross-share agreement engineered by Mr Boada is 10 per cent owned by Commerzbank and has a 5 per cent stake in the German bank.

Mr Almusategui, 58, who has spent the greater part of his business life working as Mr Boada's heir apparent in both the private and the public sectors, joined Hispano Americano five years ago when Mr Boada was appointed bank chairman.

Regarded as one of Spain's top industrial troubleshooters, Mr Boada lived up to his reputation by returning the bank into profits through timely asset stripping deals.

Magna holders agree to extend maturity date

By Robert Gibbens in Toronto

MAGNA INTERNATIONAL, Canada's biggest independent car component maker, has won extra time to negotiate a financial restructuring.

Holders of C$75m debentures have agreed to extend the maturity date from December 31 1990 to February 15. In return, Magna will raise the interest paid on the debentures to the same level as it pays on term debt to its banking group led by Bank of Nova Scotia.

In the first quarter ended October 31, Magna reported profit of C$2.8m or 10 cents a share on revenues of C$445m. In the previous year it had a loss of C$224m after write-downs. Debt has been cut by asset sales to about C$850m and capital spending to C$47m.

Magna is continuing to negotiate the restructuring with its bankers. Holders of the debentures now maturing February 15 and other debt holders besides the banks must approve the plan.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

		Wednesday January 2 1991						Mon Dec 31	Fri Dec 28	Thu Dec 27	Year ago (approx)
		Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1991 to date	Index No.	Index No.	Index No.	Index No.
1	CAPITAL GOODS (188)	715.03	-0.6	14.85	6.65	8.22	0.00	719.22	719.22	720.76	936.03
2	Building Materials (25)	975.99	-1.0	14.75	6.26	8.35	0.00	985.66	985.66	985.09	1161.14
3	Contracting, Construction (31)	1130.98	-0.4	16.27	6.96	7.98	0.00	1136.06	1136.06	1133.93	1574.40
4	Electricals (10)	1861.83	-1.1	15.09	7.17	8.11	0.00	1882.35	1882.35	1884.47	2686.60
5	Electronics (26)	1512.38	-0.4	10.59	5.69	12.59	0.00	1518.10	1518.10	1539.44	1944.04
6	Engineering-Aerospace (8)	396.88	-0.4	16.92	6.15	7.08	0.00	398.60	398.60	399.98	488.22
7	Engineering-General (47)	364.09	-0.4	16.04	7.04	7.52	0.00	365.48	365.48	365.49	489.03
8	Metals and Metal Forming (8)	400.85	-0.7	22.79	8.58	5.42	0.00	403.78	403.78	404.32	485.01
9	Motors (13)	294.18	-0.8	16.96	8.18	6.87	0.00	296.64	296.64	295.99	392.98
10	Other Industrial Materials (20)	1239.21	-0.4	13.56	6.55	8.52	0.00	1243.92	1243.92	1244.09	1745.78
21	CONSUMER GROUP (181)	1218.31	-0.8	10.07	4.28	12.33	0.00	1228.68	1228.68	1231.67	1337.82
22	Brewers and Distillers (22)	1578.67	-0.8	10.32	3.94	11.93	0.00	1591.87	1591.87	1597.40	1556.75
25	Food Manufacturing (20)	1030.91	....	11.20	4.81	11.02	0.00	1030.91	1030.91	1034.03	1174.98
26	Food Retailing (16)	2259.53	-1.0	9.98	3.33	13.09	0.00	2283.15	2283.15	2287.95	2312.81
27	Health and Household (20)	2552.79	-0.6	7.05	2.99	16.82	0.00	2568.62	2568.62	2571.03	2738.26
29	Hotels and Leisure (22)	1204.21	-0.4	11.57	5.66	10.19	0.00	1208.61	1208.61	1217.10	1673.12
30	Media (25)	1219.04	-0.8	12.29	5.57	10.25	0.00	0.00	0.00	0.00	0.00
31	Packaging & Paper (11)	518.01	-1.1	10.25	6.63	11.98	0.00	523.99	523.99	525.71	562.40
34	Stores (34)	768.80	-2.0	11.10	4.75	11.73	0.00	784.81	784.81	786.45	811.79
35	Textiles (11)	407.46	-1.3	14.25	8.62	9.00	0.00	412.77	412.77	412.07	533.40
40	OTHER GROUPS (111)	992.11	-0.8	12.92	6.02	9.36	0.00	999.65	999.65	1013.62	1214.04
41	Business Services (12)	998.51	-0.1	12.54	5.39	9.49	0.00	0.00	0.00	0.00	0.00
42	Chemicals (22)	1027.58	-0.8	13.72	6.89	8.60	0.00	1035.98	1035.98	1044.54	1252.32
43	Conglomerates (11)	1246.86	-0.9	13.86	8.17	8.57	0.00	1258.48	1258.48	1299.13	1657.42
44	Transport (15)	1892.54	-1.0	13.70	5.37	9.02	0.00	1912.40	1912.40	1905.49	2378.87
45	Electricity (12)	1001.17	+0.2	12.32	7.03	9.80	0.00	0.00	0.00	0.00	0.00
46	Telephone Networks(3)	1128.40	-1.1	11.85	4.48	10.97	0.00	1141.07	1141.07	1165.21	1277.38
47	Water(10)	2183.91	-0.9	14.34	6.42	7.87	0.00	2204.34	2204.34	2220.60	1985.65
48	Miscellaneous (26)	1554.12	-0.2	12.28	5.88	9.48	0.00	1557.84	1557.84	1568.61	1971.24
49	INDUSTRIAL GROUP (480)	1025.98	-0.8	11.96	5.32	10.24	0.00	1033.85	1033.85	1039.99	1213.99
51	Oil & Gas (20)	2309.09	+0.5	9.69	5.52	13.48	0.00	2296.62	2296.62	2316.22	2475.71
59	500 SHARE INDEX (500)	1131.29	-0.6	11.62	5.35	10.62	0.00	1137.75	1137.75	1144.96	1319.17
61	FINANCIAL GROUP (98)	700.13	-1.4	–	6.80	–	0.00	710.09	710.09	713.30	865.68
62	Banks (9)	743.69	-1.9	21.65	7.78	6.05	0.00	757.98	757.98	761.24	894.20
65	Insurance (Life) (7)	1258.82	-0.9	–	6.10	–	0.00	1269.68	1269.68	1277.15	1461.90
66	Insurance (Composite) (6)	591.02	-2.2	–	7.24	–	0.00	604.02	604.02	613.71	763.09
67	Insurance (Brokers) (8)	1005.21	-2.3	7.53	6.44	17.40	0.00	1028.50	1028.50	1011.86	1176.65
68	Merchant Banks (7)	353.48	-0.5	5.51	5.81	24.19	0.00	355.41	355.41	355.92	484.30
69	Property (41)	960.22	-0.3	7.09	4.91	19.17	0.00	963.53	963.53	963.06	1227.61
70	Other Financial (20)	252.45	+0.1	10.81	7.16	11.68	0.00	252.28	252.28	252.56	342.26
71	Investment Trusts (69)	994.64	-0.7	–	4.08	–	0.00	1002.09	1002.09	1006.30	1301.76
99	ALL-SHARE INDEX (667)	1025.13	-0.7	–	5.52	–	0.00	1032.25	1032.25	1038.43	1210.92

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 31	Dec 28	Dec 27	Dec 24	Dec 21	Year ago
FT-SE 100 SHARE INDEX‡	2128.3	-15.2	2143.0	2122.9	2143.5	2143.5	2160.4	2167.8	2156.3	2434.1

FIXED INTEREST

	PRICE INDICES	Wed Jan 2	Day's change %	Mon Dec 31	Accrued interest	xd adj. 1990 to date
	British Government					
1	Up to 5 years (28)	118.44	-0.06	118.51	1.65	0.00
2	5-15 years (32)	126.86	+0.25	126.54	2.29	0.00
3	Over 15 years (8)	133.23	+0.42	132.68	2.00	0.00
4	Irredeemables (6)	146.21	+0.15	146.00	1.32	0.00
5	All stocks (74)	126.38	+0.16	126.18	2.06	0.00
	Index-Linked					
6	Up to 5 years (2)	156.89	....	156.88	0.74	0.00
7	Over 5 years (10)	143.85	+0.05	143.78	0.73	0.00
8	All stocks (12)	144.71	+0.04	144.65	0.73	0.00
9	Debs & Loans (64)	104.09	-0.02	104.11	2.17	0.00

	AVERAGE GROSS REDEMPTION YIELDS		Wed Jan 2	Mon Dec 31	Year ago (approx.)
	British Government				
1	Low	5 years	10.03	10.10	10.21
2	Coupons	15 years	10.24	10.31	9.60
3	(0%-7¾%)	25 years	10.27	10.32	9.54
4	Medium	5 years	11.15	11.14	11.10
5	Coupons	15 years	10.62	10.68	10.04
6	(8%-10¾%)	25 years	10.43	10.48	9.70
7	High	5 years	11.25	11.24	11.25
8	Coupons	15 years	10.80	10.87	10.23
9	(11%-)	25 years	10.57	10.66	9.81
10	Irredeemables	†	10.46	10.48	9.66
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.19	4.18	3.83
12	Inflation rate 5%	Over 5 yrs.	4.18	4.18	3.61
13	Inflation rate 10%	Up to 5 yrs.	2.88	2.86	2.95
14	Inflation rate 10%	Over 5 yrs.	4.00	4.00	3.44
15	Debs &	5 years	12.62	12.62	13.56
16	Loans	15 years	12.38	12.38	12.50
17		25 years	12.15	12.15	11.99

‡Opening index 2142.9; 9 am 2134.7; 10 am 2125.6; 11 am 2128.1; Noon 2128.6; 1 pm 2125.5; 2 pm 2125.1; 2.30 pm 2125.2; 3 pm 2125.2; 4.10 pm 2128.1; (a) 8.32am (b) 2.54pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE includes details of the information used in the construction of these indices. These are available by subscription from FINSTAT, 071-925 2323. CORRECTED FIGURES (31/12/90): BRITISH GOVERNMENT 5 TO 15 YRS. INDEX 126.54 -0.42 ACCRUED 2.26, OVER 15 YRS. INDEX 132.68 +2.21 ACCRUED 1.96.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	44	30	12
Corporations, Dominion and Foreign Bonds	4	3	14
Industrials	136	381	1,048
Financial and Properties	46	256	444
Oils	22	18	53
Plantations	1	2	7
Mines	49	40	68
Others	40	51	85
Totals	342	781	1,731

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1990/91 High	1990/91 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	–	100	98	Aberforth Smaller Co	98		–	–	–	–
–	F.P.	–	28	28	Do Warrants	28		–	–	–	–
240	100	–	146	143½	East Midlands Elect. 50p	146		R15.04	1.7	7.0	10.0
240	100	–	140	136½	Eastern Elect. 50p	140	+2	R14.45	1.6	6.9	10.7
§100	F.P.	–	95	91	‡Eidos 10p	91	-4	–	–	–	–
–	F.P.	–	2575	2550	Eurotunnel Fndr. Wrrnts	2550	-25	–	–	–	–
2	F.P.	–	3½	2¼	Finlan Group 1p	2¼		–	–	–	–
240	100	–	139	137	London Elect. 50p	139		R14.9	1.7	7.1	9.8
–	F.P.	–	19	19	‡MMI 1p	19		†1.0	2.4	7.0	7.3
240	100	–	165	161	Manweb 50p	162	-3	R16.0	1.8	7.1	9.1
240	100	–	138	136	Midlands Elect. 50p	137	-1	R15.04	1.8	7.2	9.0
240	100	–	148	146	Northern Elect. 50p	147		R16.25	1.9	7.5	8.4
240	100	–	150	147	Norweb 50p	149	+1	R15.63	1.7	7.2	10.5
¶	F.P.	–	9½	9½	‡Paramount 2½p	9½		–	–	–	–
£2400	1000	–	£1475	£1450	Reg. Elect. Pkg. Unit	£1468	+3	–	–	–	–
240	100	–	144	142	Seeboard 50p	144	+1	R14.76	1.7	6.9	10.7
§100	F.P.	–	70	68	Smaller Cos. Inv. Tst50p	68		–	–	–	–
–	F.P	–	18	16	Do. Warrants	16		–	–	–	–
240	100	–	168	165	South Wales Elect. 50p	165	-3	R15.96	1.9	7.0	9.3
240	100	–	149	146	South Western Elect. 50p	149	+1	R15.2	1.6	7.0	10.9
240	100	–	143	140	Southern Elect. 50p	143	+2	R14.45	1.6	6.8	10.6
50	F.P.	–	45	43	Trio Inv. Tst.	45	+1	–	–	–	–
–	F.P.	–	9	7	Do. Warrants	9	+1	–	–	–	–
240	100	–	160	157	Yorkshire Elect. 50p	160	+1½	R15.44	2.1	6.9	8.6

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1990/91 High	1990/91 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	100¼p	99½p	Bank of Scotland 9¼pc Non Cm Pf £1	99¼p	
100	F.P.	-	101	60	‡Bluebird Toys 12pc Cv. Uns. Ln. 2005	65	
-	-	-	86	68	Brent Walker Capital 13pc Cv Cap Bd	86	
¶	P/P	29/11	38p	32½p	‡Greenacre Group Cv. Rd. Prf. 70p	35p	
35	-	-	32½	30½	Grovewood Securities 8pc Cv Ln 2000	32½	
100p	F.P.	28/9	104p	91p	Perkins Foods 8p (Net) Cv Rd Pf	99p	
100p	F.P.	-	121½p	106p	Reckitt & Colman 9.5pc Cv Bds 2005	121½p	+½
100p	F.P	-	102p	96p	TT Group 10¾pc Cnv. Red. Prf. 1997	100p	
100	F.P.	-	110¼	101¼	Tesco Capital 9pc Cnv. Cap. Bd. 2005	107½	-½
100p	F.P.	-	110p	103p	Worcester Cm Rd Cv Pf	108p	
100p	F.P.	-	105p	43p	Wyndham Group 9.375pc Cm.Pf	50p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1990/91 High	1990/91 Low	Stock	Closing Price p	+ or -
50	Nil	–	4pm	3½pm	Cattle Holdings 10p	3½pm	-¼
170	Nil	–	15pm	13pm	Conrol Techs 10p	15pm	+2
65½	Nil	–	½pm	¼pm	Intl. Bus. Comms.	½pm	+¼
5	Nil	–	¼pm	¼pm	‡Merchant Man. Est. 'A'	¼pm	
14	Nil	–	1pm	1pm	New London 5p	1pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¶ Issued by tender. § Offered to holders of ordinary shares as a "rights". ¶ Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market. ♦ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

- First Dealings Dec. 17
- Last Dealings Jan. 4
- Last Declarations March 27
- For settlement April 8

For rate indications see end of London Share Service

Calls in Aran Energy, ML Labs. and Next. Put in Shandwick.

LONDON TRADED OPTIONS

INCREASED worries about the depth of the UK recession depressed stock options and futures, while uncertainty about the Gulf crisis kept many investors on the sidelines.

The concerns over the UK's economic outlook were fuelled by remarks by Mr Norman Lamont, the chancellor, who reaffirmed the government's stance that interest rates could not be cut as long as sterling's position was weak within the exchange rate mechanism of the European Monetary System.

The possibility that the recession could be deeper than analysts had anticipated increased after Boots said that sales in the run-up to Christmas had been considerably below target. Over the coming days, other leading retailers are also expected to report disappointing Christmas trading.

Equity derivatives followed the lead of the short sterling futures contract, which fell heavily on Mr Lamont's comments. Futures dealers are now anticipating only a 1 point cut in rates by the end of March, compared with 1½ points last week.

But turnover in stock futures and options failed to match the burst of activity in the interest rate market. Instead, investors were discouraged by the approach of the United Nations' deadline of January 15 for Iraq to withdraw from Kuwait or face military action.

Over the coming days, the recessionary fears are likely to push prices lower but that could suddenly be reversed if hopes for a settlement to the Gulf crisis increase. "January 15 is a big, dark cloud over the market and right now there is no rush to buy," one futures dealer added.

The institutions were modest buyers of futures at the lower levels but with the volatile political background, appeared nervous of a greater commitment. The March FT-SE contract closed at 2,163, down 12 points on the day.

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allied Lyons (*482)	460	30	52	60	5	14	22
	500	7	29	38	25	33	42
	550	2	10	–	72	73	–
ASDA (*116)	110	10	15	19	2½	6½	8
	120	3½	9	14	6½	11	14
	130	1	6	10	16	18	20
Brit. Airways (*140)	130	14	21	22	2	6	9
	140	8	15	16	6	11	15
	160	2	6	8½	22	23	27
SmKl Beecham A (*629)	550	82	100	117	2	8	13
	600	36	63	82	6	12	17
	650	10	34	54	30	43	50
Boots (*308)	300	16	30	38	6	12	17
	330	4	16	22	24	26	31
	360	1	7	12	52	53	54
B.P. (*335)	300	39	48	54	1½	4½	7½
	330	14	26	35	7½	14	18
	360	3½	13	20	27	31	33
British Steel (*117)	110	9½	15	17½	1	3½	6½
	120	3½	8	10½	6	7½	11
	130	1½	5	7	14	14½	17
Bass (*1044)	1000	57	100	128	9	27	40
	1050	25	70	100	28	50	57
	1100	9	47	75	67	75	85
C & Wire (*446)	390	61	77	88	1½	7	12
	420	35	55	67	5½	15	21
	460	9½	32	45	21	32	42
Courtaulds (*323)	280	46	57	63	1½	3½	8
	300	27	42	48	3	9	13
	330	8	24	29	14	21	27
Com. Union (*448)	390	62	72	–	1	5½	–
	420	34	45	55	2½	15	18
Com. Union (*448) (remaining series)	[illegible]						
GKN (*327)	[illegible]						
Grand Met (*665)	[illegible]						
I.C.I. (*858)	[illegible]						
Kingfisher (*367)	[illegible]						
Ladbroke (*247)	[illegible]						
Land Sec (*323)	[illegible]						
M & S (*220)	[illegible]						
STC (*324)	[illegible]						
Sainsbury (*305)	[illegible]						
Shell Trans (*461)	[illegible]						
Storehouse (*113)	[illegible]						
Trafalgar (*199)	[illegible]						
Utd Biscuits (*318)	[illegible]						

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Unilever (*684)	650	43	67	78	6½	21	25
	700	15	35	53	27	43	50
Ultramar (*329)	300	33	43	53	3	8	10
	330	12	25	37	12	18	23

Option		Calls Jan	Calls Mar	Calls May	Puts Jan	Puts Mar	Puts May
Elec. Pkg. (*£1468)	1450	65	120	150	45	68	85
	1500	45	90	120	70	85	110
Eastern Elec (*140)	140	5	10	15	5½	8½	10
	160	1½	3½	7	22	22	22
Southern Elec (*143)	140	7	13	18	4½	6	8½
	160	2	4½	9	20	20	21

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Brit Aero (*524)	500	43	56	70	12	26	32
	550	17	30	45	37	53	58
BAA (*410)	390	36	56	63	8	15	22
	420	17	37	45	21	27	33
BAT Inds (*576)	550	47	63	77	11	25	30
	600	17	37	52	33	50	55
BTR (*320)	300	30	35	45	6	13	16
	330	12	19	30	20	27	30
Brit. Telecom (*280)	280	14	27	32	10	13½	17
	300	5	16	22	23	25	28
Cadbury Sch (*319)	300	30	37	46	5	13	16
	330	12	21	30	19	28	30
Guinness (*750)	750	34	57	82	26	39	45
	800	14	34	57	60	70	72
GEC (*169)	160	13	23	25	3½	5½	8½
	180	4½	11	14½	14	15½	20
[illegible]	[illegible]						

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Amstrad (*62)	60	7	11	13½	4	6	7½
	70	3½	7	9½	11	12	13
Barclays (*353)	330	36	42	52	12	16	21
	360	19	25	35	28	35	37
Blue Circle (*216)	200	28	31	35	6½	13	16
	220	17	20	25	16	23	26
British Gas (*226)	220	15	25	27	8½	11	14
	240	7	13	15	20	21	25
Dixons (*132)	130	11	18	20	8½	11	14
	140	7	12	15½	15	17	19
Glaxo (*838)	800	68	97	120	20	31	38
	850	39	69	90	42	54	58
Hawker Sidd. (*432)	420	42	50	60	18	32	35
	460	22	30	42	40	53	58
Hillsdown (*243)	240	20	25	32	10	16	17
	260	10	15	23	22	26	28
Lonrho (*216)	200	22	26	29	12	13	16
	220	10	17	20	20	23	26
Midland Bk (*181)	180	14	18	21	17	20	24
	200	5½	11	14	33	35	38
Reuters (*694)	650	90	120	139	40	53	68
	700	63	94	113	63	78	88
R. Royce (*158)	140	25	27	31	5	6½	7½
	160	10½	14½	20	11	14	16
Sears (*84)	80	9	12	15	5	8	9½
	90	5	7½	9	9	13	15
THF (*246)	240	19½	27	32	8	14	17
	260	10	16	21	19	25	28
Thorn EMI (*670)	650	56	74	77	17	26	35
	700	28	47	50	40	47	60
TSB (*132)	130	9½	12½	15	6	8	10
	140	4½	7½	9	13	14	16
[illegible]	[illegible]						

[illegible]

UK COMPANY NEWS

Losses of up to £140m forecast after GRE talks

By Richard Lapper

GUARDIAN ROYAL Exchange, the general and life insurer, could suffer pre-tax losses of between £120m and £140m in 1990, according to analysts.

The forecasts follow Monday's announcement that GRE is to sell its Italian subsidiaries to its joint-venture partner, Istituto Bancario San Paolo di Torino.

Analysts were busily revising their earlier projections following a meeting with the company yesterday. GRE is also expected to incur a further £80m to £85m in losses marked as extraordinary items, consisting of the remaining £15m of capital investment written off in Italy and between £65m and £70m in provisions for losses on professional indemnity business written before 1985.

Previously the market had been expecting losses of between £70m and £115m, compared to a pre-tax profit of £148m in 1989. But these earlier projections included expected losses of about £80m from GRE's ill-starred Italian venture. With the Insituto Bancario now shouldering 1990 Italian underwriting losses, GRE's figures for 1990 might have been expected to show some improvement.

Instead revised forecasts indicate a serious deterioration. Stripping out the company's Italian experience, pre-tax losses could be as much as twice the amount the market was anticipating a few weeks ago. According to Oliver Steel, of Kleinwort Benson, "there has been quite a shift."

GRE is making provisions of between £50m and £70m against claims on its liability business reflecting heavier claims on motor third party, and public and employers' liability business. Inflation, the increasing cost of court awards and previous under-reserving are partially responsible.

In addition, though, the heavier than expected losses reflect GRE's rapid expansion of its motor business during 1989 when premium income rose by 36 per cent.

The revised forecasts are leading analysts to question GRE's ability to increase its dividend when it announces 1990 results later this year. GRE shares closed 3p down at 179p.

See Lex

Scandinavian purchase fills a gap at Utd Biscuits

By Clay Harris, Consumer Industries Editor

UNITED BISCUITS (Holdings), Britain's leading biscuits and savoury snacks group, is extending its continental European network through the purchase of a majority shareholding in Oxford Biscuits, Scandinavia's largest biscuits manufacturer.

Oxford makes biscuits, rusks and crisp rolls. It accounts for 53 per cent of the Danish biscuit market by tonnage, 8 per cent in Sweden and 5 per cent in Norway.

The deal, for which no price was disclosed, leaves Germany, Austria and Switzerland as the main gaps in UB's coverage of Europe, which it has attacked through a combination of acquisition and reciprocal distribution agreements.

The UK company expects shortly to announce the acquisition of a 75 per cent stake in Gyori Keksz, the largest biscuits manufacturer in Hungary, according to Mr Brian Chadbourne, managing director of McVitie's Group, UB's biscuit subsidiary.

The Danish deal will lead to a reallocation of UB's manufacturing capacity, Mr Chadbourne said. Cheaper biscuits will be made by high volume and low cost UK and Dutch factories and Denmark will concentrate on premium products.

Oxford will open doors for UB in the Soviet Union, which last year was the Danish company's single largest export customer with orders of more than £1m. Nearly a third of Oxford's annual sales of £27m are made outside Scandinavia.

UB is buying the 50.2 per cent stake owned by Denmark's Unibank, which helped to finance a management buy-out from RJR Nabisco in 1989. Oxford was one of the few of the US group's European biscuit businesses not to be bought by BSN of France.

Oxford's management will retain a 49.2 per cent stake.

Determined to run it the way he always had: Eric Morley with two Miss World winners

Morley buys back Miss World

MISS WORLD, the beauty contest business, is being taken private by Mr Eric Morley, the 71-year-old businessman who founded it more than 40 years ago, writes **Clare Pearson**.

Mr Morley and his wife Julia are paying £800,000 to buy the company back from Trans World Communications, the local radio group with which it merged in 1988 after a five-year independent career on the Unlisted Securities Market.

The Morleys are stepping down from Trans World's board, which they joined after the £13.6m merger, but retain a 7.5 per cent stake in the company.

The consideration comprises £600,000 on completion and two equal additional payments in December this year and next.

Trans World put Miss World up for sale a month ago after Mr Owen Oyston, its chairman, and Mr Morley failed to agree on strategy and after a provision of £1.24m had been made in the interim accounts for expected full-year losses at Mis World.

Under a contract which was to run until mid-1993, Mr Morley retained full management control of the business.

Yesterday Mr Oyston said: "We had hoped to give Miss World a facelift, but Eric was determined to run it the way he always had. We couldn't go on losing money forever."

But Mr Morley said: "As you can see from the international viewing figures, there is still enormous potential around the world for our formula."

He added that the £1.24m provision was struck before European Leisure, the fast-growing nightclub and leisure group, stepped in to sponsor last November's contest. "Taking out that and other factors, the real loss on the actual 1990 contest was only about £100,000."

Mr Oyston said a few other parties had expressed interest in the business, but Mr Morley had persuaded him it was essential to agree a deal as soon as possible so that sponsors and a venue could be organised for a 1991 show.

Mr Oyston said Trans World continued to consider ways to reduce borrowings after interest charges doubled to £575,000 in the half year to end July. Added to the Miss World provision, this produced a pre-tax loss of £1.17m.

Lex Service sells two US offshoots in £10m deal

By David Owen

LEX SERVICE, the motor and electronic component distributor, has sold two peripheral US-based businesses for a total of more than £10m.

The group, which has been hit by the decline in new car registrations and restructuring costs related to its components activities, said that neither operation fitted with its long-term strategy.

It emphasised its commitment to its "mainline" electronics operations which "are currently profitable at an operating level." In its 1989 report, Lex claimed to be the leading electronic component distributor in Europe and the third largest in the US.

The disposed-of businesses are Richey/Impact Electronics, a specialist distributor of connectors, resistors and switches, and LCS, the group's US computer systems operation. Richey was sold for \$10.5m (£5.5m) to a consortium headed by Mr William Cacciatore. Just over half of the total was received on completion. Book value of the assets is \$11.2m.

California-based LCS was bought for an undisclosed sum – said by Lex to approximate net book value of \$9.4m – by Nasdaq-quoted Pioneer-Standard Electronics.

In the six months to last June LCS lost \$1.5m before interest and tax on sales of \$25m. Richey last year made a small operating profit on sales of \$34m.

Lex shares, which have fallen from a high of 296p a year ago, rose 1p to 170p.

IMI spurns Birmingham Mint attempt to extract higher bid

By Michiyo Nakamoto

BIRMINGHAM MINT, the specialist engineer fighting a hostile bid from IMI, the international engineering group, yesterday appeared to be throwing in the towel, but not without a last-minute effort to extract a higher price.

It said it would recommend shareholders to accept if IMI raised its offer from 95p to 110p per share, valuing the group at £15.7m. The first deadline for IMI's final offer of 95p is tomorrow.

The shares closed yesterday unchanged at 98p.

IMI, which has already built up a 45.81 per cent stake in Birmingham Mint, yesterday rejected the target company's proposal.

Mr Nick Paul, a director of IMI, said 110p per share was unacceptably high considering that Birmingham Mint is forecasting that its profits without a £550,000 property gain will be lower in the second half than the first.

IMI had failed earlier to reach an agreed offer with the Birmingham Mint board and had "no intention of sitting down with them now and responding to their 110p offer," he added.

Mr Tony Cross, a non-executive director of Birmingham Mint, said a 110p offer would reflect the true value of the company.

Yesterday's statement was the latest in a flurry of year-end moves by Birmingham Mint to try to thwart the offer.

Last week it announced that it had been in negotiations with a third party with a view to a recommended offer "significantly in excess" of IMI's offer. These talks had, however, failed when a major shareholder agreed to sell its 15 per cent stake to IMI at 95p.

Birmingham Mint said it would recommend an offer of 110p if IMI's current offer lapsed and it was satisfied that in the event of a takeover IMI would safeguard employees' rights and the continuity of Birmingham Mint's business.

Under the Takoever Code IMI would have to wait a year before launching another bid. But it could do so after three months if the higher offer was backed by Birmingham Mint.

T&L chief paid £0.56m

MR Neil Shaw, chairman and chief executive of Tate & Lyle, the sugar refining and sweeteners group, was paid £564,000 in the year to September 30 1990, a 6.4 per cent increase from the £534,000 he received in 1988-89.

Mr Shaw's salary went up by a greater amount in Canadian dollars, in which it is denominated, but the Canadian currency fell against sterling during the year. Tate gave £25,000 to the Conservative Party, £200 less than in the previous year.

Holmes Protection misses debt repayment deadline

By Clare Pearson

HOLMES PROTECTION, the financially-stretched US security company quoted in London, failed to meet a deadline yesterday for repayment of \$18m (£9.3m) of its debts which total more than \$60m.

The company said it was in negotiations with its lenders after raising only \$12m through the disposal of a New Jersey-based fire and burglar alarm business. Earlier expectations were for between \$21m and \$23m

But Mr David James, joint chief executive, said: "This is not a crisis. Our lenders are happy with the direction we are taking, and are aware that the environment has worsened since the deadline was set early last year."

The agreement covering the New Jersey operation requires Alert Centre, the purchaser, to buy other parts of the business over the next few months, assuming they meet certain criteria, for a combined further consideration of \$6.5m.

Holmes Protection can pull out of the deal if the total purchase price fails to exceed \$17.5m.

Mr James said the shortfall from the expected purchase price arose as Alert Centre decided not to buy some closed circuit television and card access system accounts.

Holmes also announced yesterday that it would receive \$2m following settlement of a legal dispute. Its shares closed unchanged yesterday at 4p.

The New Jersey operations being sold achieved sales of \$13.5m and a net profit of \$600,000 in 1989.

In November, Holmes Protection raised \$10m through the sale of some Washington businesses to ADT, the UK electronic security and vehicle auction group. A clutch of businesses in Long Island forms the next target in the disposal programme.

Agreements which Holmes struck early last year with lenders, a group of US insurance companies, provided for payments at quarterly intervals culminating in full repayment in January 1992.

The company incurred a pre-tax loss of £300,000 in the half year to end-June.

Bromsgrove pays £1.78m for engineers

By Paul Cheeseright, Midlands Correspondent

BROMSGROVE Industries, the mini-conglomerate which has pursued a policy of growth through acquisition, is making its second and third takeovers this financial year through two cash transactions worth a total of £1.78m.

It is buying CXR Group, a specialist in the testing and impregnation of castings and prefabrications, based in Halesowen and Oldbury, West Midlands, for £1.1m from Anglo Nordic Holdings.

Bromsgrove also announced the purchase of Parkfield Chesterfield, which operates an iron castings foundry specialising in material where safety is a critical factor, from the administrators of the troubled Parkfield Group for £675,000.

The acquisitions fit into Bromsgrove's policy of concentrating expansion on specialist engineering companies where there is an opportunity of high added value. Bromsgrove already trades with CXR and the operations of Parkfield Chesterfield are complementary to its existing foundry at Loughborough.

In the first half of its financial year, running to March, Bromsgrove purchased BSK (Aluminium).

Stavert lifted by investment income rise

An improvement in investment income offset a loss from the trading companies and helped Stavert Zigomala lift taxable profits from £29,916 to £33,567 in the half year to end-September.

Turnover of the Manchester-based furniture and carpet wholesaler and retailer declined from £393,919 to £372,678.

Directors said the trading outlook remained difficult and an improvement in investment income over the coming year appeared unlikely.

However, they expected the dividend for the full year to be at least maintained.

Earnings emerged at 8.232p (7.519p) per ordinary stock unit and at 6.697p (5.937p) per deferred stock unit.

COMPANY NEWS IN BRIEF

EFT GROUP has sold its total holding of about 81 per cent of the ordinary shares of Glasgow Investment Managers, plus £200,000 of zero coupon redeemable preference capital to Shires Investment for a total of £560,000.

ENGLAND (J): Rights issue has been taken up in respect of 5.74m shares (47.2 per cent), representing subscriptions received to the extent of 3.57m shares and 2.18m shares in underwriting commitments. Mr Andrew Sofroniou, chairman, has restricted his take-up and loaned the company £107,105.

MARYLEBONE ESTATES has delayed the sale of Dorset House, London, SE1, until mid-January at the request of the purchaser, Petu Amsterdam. Marylebone has already received £7m from Petu – the total purchase price is about £24m. Marylebone has served notice to complete on Petu.

SOUTHERN WATER has completed the acquisition of MW Longley. The consideration of £460,000 is subject to adjustment depending on the results for 1990. Part of the consideration will comprise the allotment of shares in Southern Water to certain vendors.

SUFFOLK ASSURED Homes has exchanged contracts to acquire its first five properties, following the launch of the residential BES scheme last August. Terms have been agreed on two more and the company has over £500,000 available for acquisitions. It aims to raise up to £5m to invest in residential property in East Anglia.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- First National Finance, Gibbs Mew.
Finals- Jupiter European Investment Trust.

FUTURE DATES

Final-
Warner Estate .... Jan. 31

New homes for Third Market companies

FOLLOWING THE abolition of the Third Market on December 31, several companies previously listed under that heading in the London Share Service have been moved to new sections.

Transferred to the Unlisted Securities Market are: PE Kemp (Engineering); Harry Ramsden's (Hotels and Caterers); Wilton Group (Industrials – Miscellaneous); Caldwell Investments (Textiles).

Transferred to Mines – Miscellaneous are: Burmin Exploration, Celtic Gold, Dana Exploration, Kells Minerals, Navan Resources, Ovoca Gold.

The following companies, previously listed on the Third Market, will no longer appear in the London Share Service: Analysis Holdings, Andaman Resources, Automobiles of Distinction, Barbican Holdings, Biocure Holdings, Cafe Inns, Chelsea Artisans, Chemex International, City Bond Storage, Edencorp Leisure, Eglinton Exploration, Far East Resources.

Fast Forward Inns, Feltrim Mining, Glencar Exploration, Hartley Baird, Image Store Holdings, Ivernia West, Moray Firth, Oxford Virology, Poddington, Sempernova, Systems Connections, UPL, Video Magic Leisure, Vista Entertainments.

Shares and warrants in these companies will in future be traded under Special Rule 535 (2) of the International Stock Exchange.

Details of trading in these stocks will be published in the Financial Times London Stock Exchange Dealings Service.

Continued on next page

COMMODITIES AND AGRICULTURE

Gulf war forecast to 'send metals prices plummeting'

By Kenneth Gooding, Mining Correspondent

WAR IN the Gulf, and the consequent sharp rise in the cost of oil, would slow western world manufacturing output almost to a halt and send metal prices plummeting, says the Economist Intelligence Unit consultancy organisation in the latest issue of its World Commodity Outlook.

Production of most metals would be cut in response to falling prices but the EIU doubts whether these reductions would be "full or fast enough" to prevent most of a fall in consumption associated with hostilities in the Gulf being reflected in higher stocks and "significantly lower prices."

For example, the EIU suggests that if there is a peaceful solution to the Gulf crisis copper prices this year will average 95 cents a lb compared with 118 cents in 1990. However, conflict in the Gulf would result in copper prices no higher than 80 cents a lb – a fall of 30 per cent on last year's average.

The EIU suggests consumption of copper, steel, aluminium, zinc and nickel would be 2 per cent to 2.5 per cent lower if there was a Gulf war rather than if a political solution was reached. Lead and tin would be less affected.

Aluminium's price would first be boosted by disruption to supplies from the Middle East smelters, which have an annual capacity of 400,000 tonnes, but a sustained crisis might cut demand, lead to potentially serious over-supply and prices falling to about US$1,400 a tonne. Without a Gulf conflict, the EIU suggests that the price of aluminium for delivery in three months would average about $1,888 a tonne this year compared with an average of $1,723 a tonne for 1990.

The EIU argues that if there was a peaceful solution in the Gulf world manufacturing production (excluding communist and former communist countries) would grow by 2.1 per cent in 1991. War would cut manufacturing production growth to only 0.3 per cent.

The organisation has tabulated evidence from the past 25 years in such a way as to suggest strongly that manufacturing growth of 2.1 per cent is not enough to generate consumption growth of steel or all non-ferrous metals except aluminium.

"While aluminium consumption is likely to rise if there is any growth at all in manufacturing, there is a strong probability that consumption of lead and zinc will fall if manufacturing growth is below 2.5 per cent and a rather weaker probability that copper consumption will fall if manufacturing grows by less than 3.5 per cent," says the EIU.

It forecasts growth of about 1 per cent in aluminium consumption in 1991 and nil growth in copper consumption, but expects a 2 per cent fall in steel consumption and "modest" falls for lead, zinc and tin.

World Commodity Outlook 1991. Industrial Raw Materials. £135 or US$260 from the EIU, 40 Duke Street, London, W1A 1DW, England.

Indian cotton hopes dashed

By Kunal Bose in Calcutta

ADVERSE WEATHER has dashed India's hopes of a record cotton crop this year, prompting the industry's ruling body to put its export drive on hold.

Predictions that the 1990-91 (September-August) harvest would reach 15m bales (170 kg each) have been scaled back to only 12.2m bales, compared with 13.35m bales in 1989-90, because of unfavourable weather conditions in cotton growing areas in North and South India. Only in Maharashtra and Rajasthan is the current crop ahead of last year's.

As a result the Indian cotton advisory board has decided not to add to the 1.24m bales already released for export. At the beginning of the season, it was thought that India would be able to export up to 2m bales, compared with less than 1.5m in 1989-90.

The grower's lobby is unhappy that the board has decided not to release any further export quota. It believes that the crop can still turn out to be 13.3m bales. But the decision is welcomed by the mill industry, which has seen raw cotton prices rise in response to the reduced crop outlook and has been campaigning strongly for lower exports.

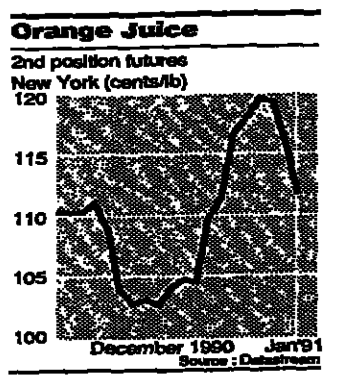
As there is no agency in the country equipped to make scientific assessment of the cotton production outlook the crop projections may be revised on the basis of future pickings. Periodic revision of the estimate has become an regular feature of the Indian cotton season.

Mild spell chills orange juice futures

By Barbara Durr in Chicago

PRICES FOR frozen concentrated orange juice futures fell yesterday on the New York Cotton Exchange after cold weather did not materialise in Florida as speculators had wagered. Prices for the January contract fell the 7.5 cents dail limit and the March contract dropped 5 cents in mid-morning trading.

The bearishness was attributed mainly to pressure on speculators to liquidate positions. Many had bought futures believing prices would go up on reports of substantial crop damage in California, which suffered the worst freeze in 77 years over the Christmas period. FCOJ prices shot up to $1.19 for the March contract on December 26.



The California orange crop is, however, overwhelmingly for the fresh fruit market. And now, as producers attempt to salvage some of their oranges by processing them for juice, the California freeze is adding downward pressure on the market.

In Florida, the centre of production for juice oranges, temperatures have been unusually warm and are expected to stay that way for another week. This would bring the Florida crop through the crucial end of December-beginning of January period when freezes are most feared.

Florida production, which had been deeply hurt by a Christmas eve freeze in 1989, is now expected to rise by 50 per cent this year. And FCOJ production is forecast to rise 95 per cent because of better yields, said Ms Judy Ganes, an orange juice analyst with Merrill Lynch.

Ms Ganes added that, given the low prices for FCOJ, Californian farmers might find that it was not economically beneficial to process much of their crops. Processing facilities are also limited in California. But it remains unclear as yet how much of the Californian crop will wind up as juice.

The spate of frigid weather in California is expected to bring price rises across the board for fresh produce. Losses have been severe in its other crops, such as avocados (the state accounts for 90 per cent of US production), tomatoes, lemons, artichokes, broccoli, cauliflower and celery.

Creditors step up pressure over coal mine

By Bernard Simon in Toronto

CREDITORS OF the debt-burdened Quintette coal mine in north-east British Columbia are stepping up the pressure on shareholders, including 12 Japanese steel producers, to increase their contribution towards a bail-out for North America's biggest single coking coal exporter.

The 56 creditors have rejected a restructuring proposal put forward by the mine. Instead, they have asked a Vancouver court to direct the auditing firm Deloitte & Touche, which has been monitoring Quintette's operations since mid-1990, to draw up an alternative plan.

Under Quintette's plan, the lenders, led by Bank of Montreal and Canadian Imperial Bank of Commerce, are being asked to write off two-thirds of their C$630m debt. The railways and port terminal that handle Quintette's coal would also have to forgive outstanding liabilities, and transport rates would in future be reduced significantly.

A condition of the plan is that the Japanese steel mills that buy Quintette's production of 4.2m tonnes a year agree to a fixed price formula for the next eight years.

An official of one of the creditor banks said the group felt Quintette's proposals "favour the manager and the shareholders rather than those who provided 80 per cent of the money for the project." Among the banks' objections are the terms proposed by Denison Mines, the Toronto-based energy group that is Quintette's manager and 50 per cent owner, for its withdrawal.

The Japanese steel companies between them own 38 per cent of Quintette. The largest shareholders among them are Mitsui Mining (12.5 per cent), Tokyo Boeki (10.5 per cent) and Sumitomo (5 per cent). Charbonnages de France has a 12 per cent stake.

The banks are also insisting that Quintette's customers agree on a pre-determined revenue stream to the mine to ensure profitable operations for at least the next few years. The mine has previously said that prevailing market prices are insufficient to cover its operating and transport costs.

Quintette has enjoyed above-market prices since its inception in 1983. The mine's present plight is the result of an arbitration ruling last year forcing it to lower prices in the wake of demands from the steel mills. The Japanese have already given notice of another price review for the year starting in April 1991.

The British Columbian provincial government is torn between demands to maintain employment and the big investment in the north-east coalfields, and the problems of lower-cost coal mines in the south-east of the province, which are also struggling for survival and which oppose further subsidies for Quintette.

Report warns that food output gains may be unsustainable

By David Blackwell

THE EXPANSION of irrigation in agriculture and the increase in use of artificial fertilisers have helped world food output growth to outstrip population growth, according to the Economist Intelligence Unit.

But this state of affairs cannot go on indefinitely. "If we are indeed on the boundary between a brief age of optimism and another of anxious concern at best, it will be because it is no longer possible to sustain the rates at which the area of arable land, particularly irrigated land, has been expanding and the use of artificial fertilisers increasing.

"But it will also be necessary to consider whether existing crop yields are being achieved at the expense of ability to produce food in the future; whether in fact we are living off capital in food terms as we undoubtedly are in energy terms," says the EIU.

While the world's population rose by 1.76 per cent a year between 1972 and 1987, food production rose by an average 2.46 per cent a year as output per hectare rose by 2.19 per cent a year. The area of irrigated land rose by a total of 28.8 per cent – it now accounts for one third of world food output and has an average yield bout 2.5 times above that for unirrigated land.

While many millions remain undernourished, the world on the whole is getting better fed. But the latest United Nations population forecast predicts a stabilisation around 11bn at the end of next century, compared with a 1984 forecast for 10.2bn.

There is now a much greater disposition to question if the planet can sustain such a level, according to the EIU. If it cannot, "and birth rates do not fall faster than the UN projects, death rates are going to close the gap."

In the short-term, however, the old problem of mismatches between supply and demand among the more affluent countries will continue to dominate the soft commodity markets, with supplies of many crops outrunning demand and depressing prices.

The EIU points out that the absence of the Soviet Union from the grain markets, as well as those for tea and vegetable oils, has depressed the markets more than the Gulf crisis.

World Commodity Outlook 1991. Food, Feedstuffs and Beverages. £135 or US$260 from the EIU, 40 Duke Street, London, W1A 1DW, England.

Estonia looks to west for energy supplies

Enrique Tessieri on the Soviet republic's plans to reduce dependence on Moscow

MR ARVI Hamburg, deputy minister of the Estonian Ministry of Industry and Energy, hopes that a break with Moscow, if it occurs, will happen in the summer, when energy consumption is at its lowest.

Attempting to find ways of deacreasing dependence on Moscow for energy supplies as well as dealing with environmental concerns are some of the biggest challenges for his ministry.

According to Mr Hamburg, about 42 per cent of all of Estonia's energy needs continue to be supplied by Moscow and, to a smaller extent, Poland. Of this figure, roughly 23 per cent (1.5m tonnes) consists of refined oil, 16 per cent gas (200m cubic metres) and 2 per cent coal. Estonia gets the remaining 1.5 per cent (300,000 tonnes) of its coal from Poland.

The deputy minister revealed that one of the first steps to break dependence from Moscow would be in the area of oil supplies. Talks are currently under way with Neste, the Finnish oil and chemicals group, to build a new oil storage harbour, possibly in Tallinn, to store between 600,000-700,000 tonnes of oil.

Neste felt that a decision on the project would be forthcoming early this year and that a joint venture company could be established with the Estonians to build the harbour and oil storage complex.

"We have also been talking with Neste on building an oil refinery. It seems, however, that the Finns do not want to embark on any such large projects with us," explained Mr Meelis Kaas, head of the department of foreign economic relations of the Ministry of Industry and Energy.

Estonia has abundant supplies of oil-shale with reserves estimated at 1.7bn tonnes. The republic's four oil-shale-fired plants use around 20m tonnes of the material a year with 2.3m tonnes a year going to the chemical industry. About 2.2m tonnes of oil shale is imported annually from the Soviet Union.

Electricity consumption in Estonia reached 17.4bn kwh (kilowatt/hours) in 1989, of which 3bn kwh were written off as losses, according to the Ministry of Industry and Energy. Electricity consumption, which grew in the 1980s between by 2.6 to 2.8 per cent a year, is expected to drop in 1990 to 17.28bn kwh and to 16.4 kwh in 1991.

Today, 60 per cent of all energy is consumed by industry with 20 per cent going to agriculture and the remaining 20 per cent to households. The ministry believes that if Estonia could implement efficient energy-saving measures, like using energy-saving light bulbs as well as thermal regulators for heaters, it could slash between 33 to 35 per cent of all the electricity consumed by households.

Since the onset of glasnost the Finnish press has carried sensational stories of the devastating environmental and health hazard effects caused by oil-shale. One such story claimed that Estonian children in the town of Narva were losing their hair.

Four of Estonia's five utility plants run on oil-shale and are located in the north-eastern Kohtla-Järve district. The largest of these plants are known as the Estonian Electric Power Plant (1,620 mw) and the Baltic Thermoelectric Power Station (1,430 mw).

"We do not know exactly how much sulphur or nitrogen oxide is released to the air from these plants because we don't have any measuring devices. But if I had to make a crude estimate, I would estimate that these two plants jointly release some 100,000 tonnes of sulphur and 300,000 tonnes of ash yearly," explained Deputy Minister Hamburg.

Recent agreements signed between Moscow and Helsinki require Estonia's oil-shale-fired plants to reduce sulphur emissions by 30 per cent in 1993 and by as much as 50 per cent in 1995. Mr Hamburg as well as Mr Kaas claim that there are plans to make a R500m investment to expand the Baltic Thermoelectric Power Station with four 210 mw blocks, as well as to invest $160m to lower sulphur emissions.

"We are not sure were we can get such an amount of money. Possibly it could come in the form of long-term credits from Finland," said Mr Kaas.

MINOR METALS PRICES

Prices from Metal Bulletin (last week's in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 1,630-1,670 (same).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.80-2.90 (2.75-2.90).

CADMIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 2.80-3.20 (3.00-3.20).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 14.75-15.50 (13.00-13.50).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 155-165 (same).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.65-2.75 (2.55-2.65).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 4.80-5.40.

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit (10 kg) WO_3, cif, 37-49 (same).

VANADIUM: European free market, min. 98 per cent, $ a lb V_2O_5, cif, 2.50-2.70 (2.35-2.50).

URANIUM: Nuexco exchange value, $ per lb, U_3O_8, 11.45 (same).

WORLD COMMODITIES PRICES

MARKET REPORT

Sugar prices were falling in both London and New York yesterday. By midday New York's nearby March was just above an earlier contract low of 9.02 cents a lb. "The market is down not so much on an abundance of selling but rather the lack of any substantial buying. Producers may also be lowering their ideas on what is a fair level for them to sell at and are wondering if and when they'll see 10 cents again," said one commission house trader. The possibility of action in the Gulf after the UN January 15 deadline could only have a bearish effect on the market, London dealers said. Copper prices closed near two-month highs on the LME, supported by gains on Comex. One New York trader said at midday that the market would see tough resistance around 118 cents a lb. Aluminium edged ahead on the back of copper and the weaker dollar. Tin prices retreated after losses in the Far East. On the London bullion market gold edged ahead, while silver dipped. "Underlying support for silver was seen at around 410 cents but in such thin conditions and with the continuing uncertainty of the Gulf crisis many operators were reluctant to plot its next long-term move," one dealer said.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$22.35-2.55z	-1.33
Brent Blend (dated)	$26.80-6.90	-1.85
Brent Blend (February)	$26.45-6.55	-1.30
W.T.I. (1 pm est)	$27.05-7.08x	-1.21
Oil products (NWE prompt delivery per tonne CIF)		**+ or -**
Premium Gasoline	$270-274	-½
Gas Oil	$267-269	-18
Heavy Fuel Oil	$135-138	-4
Naphtha	$275-279	-3
Petroleum Argus Estimates		
Other		**+ or -**
Gold (per troy oz)♣	$392.25	+0.75
Silver (per troy oz)♣	416.35c	-2.90
Platinum (per troy oz)	$410.50	-5.75
Palladium (per troy oz)	$81.50	-0.25
Aluminium (free market)	$1535	-5
Copper (US Producer)	122c	+5
Lead (US Producer)	50c	
Nickel (free market)	385c	+1
Tin (Kuala Lumpur market)	14.86r	-0.14
Tin (New York)	258c	-3
Zinc (US Prime Western)	70c	
Cattle (live weight)†	102.96p	
Sheep (dead weight)†	143.78p	
Pigs (live weight)†	72.46p	
London daily sugar (raw)	$236.0z	-1.0
London daily sugar (white)	$300.0z	-1.0
Tate and Lyle export price	£228.5	-1.5
Barley (English feed)	Unq.	
Maize (US No. 3 yellow)	£163.0	
Wheat (US Dark Northern)	£87.0	
Rubber (Feb)♥	51.00p	-0.50
Rubber (Mar)♥	51.25p	-0.50
Rubber (KL RSS No 1 Jan)	240.0m	
Coconut oil (Philippines)§	Unq.	
Palm Oil (Malaysian)§	Unq.	
Copra (Philippines)§	$240x	
Soyabeans (US)	£135.5	-1.5
Cotton "A" Index	84.30c	-1.05
Wooltops (64s Super)	414p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Dec. t-Feb. v-Jan. w-Feb/Mar z-Jan/Feb. x-Mar. †Meat Commission average fatstock prices. * change from a week ago ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	203.20	208.40	208.60 201.00
May	206.00	212.00	211.20 203.20
Aug	212.00	216.20	215.00 213.40
Oct	212.00	216.20	215.00 212.00
White	**Close**	**Previous**	**High/Low**
Mar	294.2	297.9	298.0 292.5
May	294.0	297.0	297.0 291.5
Aug	301.0	304.1	304.5 298.5
Oct	280.5	283.3	284.5 279.5
Dec	276.0	278.3	275.0
Mar	277.5	279.5	281.5
May	279.5	281.3	283.5 283.5

Turnover: Raw 2862 (371) lots of 50 tonnes. White 1853 (133)
Paris- White (FFr per tonne): Mar 1492, May 1496, Aug 1542, Oct 1443.

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Feb	26.35	28.27	28.10 26.35
Mar	25.50	26.91	27.10 25.50
Apr	25.15	26.80	26.00 25.15
May	24.65	24.95	24.85 24.65
Jul	23.00	24.95	23.05 23.00
IPE Index	27.80	28.76	27.80 26.76

Turnover 12493 (4363)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
Jan	258.50	272.75	273.00 258.25
Feb	246.50	259.50	258.75 246.25
Mar	233.50	246.00	243.50 233.50
Apr	223.00	233.00	223.00 220.00
May	216.00	227.00	
Jun	213.00	222.00	214.00 212.00
Jul	212.00	221.00	217.00 211.00

Turnover 5371 (4310) lots of 100 tonnes

WOOL
There is no auction test of wool values till next week, and much of the industry and trade has been more or less shut down for a Christmas break, in the UK extended by the addition of some annual holiday entitlement. The improvement in demand for wool and semi-manufactures before Christmas was taken as a matter of re-filling partially a pipeline which has never been emptier. Beyond that prospects of steadier demand are fair, but prospects of a continuing price rise are considered very remote. Wool is in huge world surplus and Soviet buying has yet to be renewed.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	648	651	652 641
May	680	686	686 677
Jul	708	711	713 705
Sep	733	741	745 736
Dec	770	770	776 769
Mar	796	797	799 792
May	821	820	820 815

Turnover: 3797 (5015) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Dec 28 877.26 (886.10) 10 day average for Dec 31 891.26 (895.33)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Jan	610	610	613 605
Mar	568	577	577 566
May	575	581	584 574
Jul	592	597	598 589
Sep	607	612	610 605
Nov	622	624	625 620
Jan	635	637	644

Turnover: 2073 (611) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Dec 28: Comp. daily 70.28 (69.79). 15 day average 72.94 (73.14)

POTATOES – BFE £/tonne

	Close	Previous	High/Low
Apr	131.5	134.9	133.0 130.5
May	151.5	155.0	152.1 150.0

Turnover 149 (16) lots of 40 tonnes.

SOYAMEAL – HI-PRO £/tonne

	Close	Previous	High/Low
Aug	117.50	117.50	117.50

Turnover 25 (40) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low
Jan	1450	1453	1458 1450
Feb	1410	1415	1415
BFI	1447	1446	1447

Turnover 15 (26)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low
Jan	120.35	119.80	120.35 120.00
Mar	123.55	123.15	123.55 123.25
May	127.00	126.60	127.00 126.85
Jun	128.50	128.20	128.40
Barley	**Close**	**Previous**	**High/Low**
Jan	114.50	114.50	114.50
May	119.75	119.75	119.75

Turnover: Wheat 139 (104), Barley 10 (6).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Jan	92.0	91.0	92.0
Feb	93.8	92.5	94.0
May	98.0	98.3	98.0

Turnover 12 (0) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 17,720 lots	
Cash	1541-3	1527-30	1534	1534-5		
3 months	1576-8	1562-3	1578/1568	1570-1	1577-8	59,406 lots
Copper, Grade A (£ per tonne)					Total daily turnover 35,548 lots	
Cash	1367-9	1328-30	1353/1348	1352-3		
3 months	1373-4	1337-8	1373/1351	1358-9	1368-8	107,220 lots
Lead (£ per tonne)					Total daily turnover 3,293 lots	
Cash	322-3	321-3	318/316.5	316.5-7		
3 months	334.5-5	333-4	334/330	330-1	332-3	10,809 lots
Nickel ($ per tonne)					Total daily turnover 820 lots	
Cash	8300-50	8280-300		8300-25		
3 months	8300-25	8225-50	8300/8250	8300-25	8250-300	7,863 lots
Tin ($ per tonne)					Total daily turnover 980 lots	
Cash	5555-5565	5600-10	5542/5540	5540-2		
3 months	5670-5	5700-10	5690/5660	5660-70	5665-70	6,947 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 3,119 lots	
Cash	1257-8	1252-4	1257	1257-8		
3 months	1257-8	1252-3	1260/1256	1255-6.5	1256-7	16,302 lots

LME Closing £/$ rate: SPOT: 1.8390 3 months: 1.9089 6 months: 1.8813 9 months: 1.8611

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	161.20	158.70			
Jan	162.40	158.90	162.40		87
Feb	162.50	159.30	162.50		99
Mar	162.20	159.00	162.20		5
Jun	161.10	158.40	161.10		99
Sep	160.20	158.40	160.20		87
Dec	160.80	158.20	160.80		66

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	392.00-392.50	
Opening	391.50-392.00	
Morning fix	392.50	202.476
Afternoon fix	390.80	200.925
Day's high	394.50-395.00	
Day's low	389.75-390.25	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.83	6 months	5.47
2 months	5.72	12 months	5.36
3 months	5.62		

Silver fix	p/fine oz	US cts equiv
Spot	214.85	416.35
3 months	222.20	423.95
6 months	229.00	431.30
12 months	242.30	446.90

TRADED OPTIONS

Coffee	Mar	May	Mar	May
500	71	79	4	5
550	34	42	17	18
600	13	20	46	48
Cocoa	**Mar**	**May**	**Mar**	**May**
600	61	93	13	13
650	31	59	33	29
700	15	35	67	55

Brent Crude	Feb	Mar	Feb	Mar
2500		400		225
2550				
2600		410	60	320

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	389.1	394.2	393.0	393.0
Feb	391.1	396.2	395.5	389.5
Mar	392.6	397.8	0	0
Apr	394.4	399.7	399.0	393.0
Jun	398.0	403.5	402.8	397.0
Aug	401.4	407.1	403.6	403.6
Oct	404.7	410.6	0	0
Dec	408.1	414.2	413.0	409.5
Feb	411.9	418.2	415.6	415.6

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	409.2	408.7	409.0	404.0
Apr	413.5	414.0	414.0	408.5
Jul	417.1	418.8	418.0	413.0
Oct	421.2	422.8	422.0	416.5
Jan	426.0	427.6	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	411.4	419.2	410.5	410.0
Feb	414.0	422.0	0	0
Mar	416.7	424.7	425.0	414.0
May	422.3	430.6	431.0	419.5
Jul	427.7	436.2	436.5	426.0
Sep	433.2	441.8	443.0	433.5
Dec	440.8	449.6	451.0	440.0
Jan	442.9	451.7	453.0	450.0
Mar	449.2	458.1	450.0	450.0
May	455.0	464.0	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	120.05	118.30	120.20	117.30
Feb	120.30	118.05	120.00	117.15
Mar	119.30	116.85	119.70	115.70
Apr	117.05	115.40	117.90	117.80
May	115.80	113.75	116.25	112.75
Jun	114.80	112.60	115.00	115.00
Jul	113.30	111.45	113.50	110.80
Aug	112.35	110.65	0	0
Sep	111.40	109.80	109.80	108.70
Oct	110.50	109.10	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Feb	26.70	28.44	28.45	26.62
Mar	26.00	27.80	27.70	26.00
May	24.45	25.80	25.70	24.40
Jun	23.80	25.02	24.85	23.70
Aug	22.85	23.94	23.83	22.85
Sep	22.50	23.61	23.35	22.50
Oct	22.40	23.40	23.00	22.30
Nov	22.23	23.23	22.85	22.23

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Feb	7415	7920	7900	7415
Apr	6800	7150	7140	6820
May	6580	6825	6820	6570
Jul	6400	6505	6470	6430
Aug	6510	6530	6520	6450

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1146	1150	1157	1132
May	1186	1193	1198	1177
Jul	1230	1236	1240	1220
Sep	1268	1272	1275	1262
Dec	1315	1326	1315	1310
Mar	1358	1368	1356	1356

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	88.05	88.65	89.10	87.30
May	90.50	91.15	91.60	89.50
Jul	92.75	93.70	94.00	92.05
Sep	94.90	95.60	96.25	94.25
Dec	97.50	98.15	97.75	97.25
Mar	100.70	103.80	100.75	100.60
May	102.25	103.75	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	9.12	9.37	9.37	9.02
May	9.22	9.50	9.47	9.09
Jul	9.26	9.51	9.50	9.15
Oct	9.34	9.64	9.62	9.23
Mar	9.46	9.35	0	0
May	9.45	9.77	9.57	9.57

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	75.80	77.80	77.78	75.80
May	74.19	76.19	76.25	74.19
Jul	73.56	75.34	75.50	73.50
Oct	67.58	68.12	68.30	67.57
Dec	64.40	65.28	65.45	64.40

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	105.35	113.50	108.60	105.00
Mar	111.15	116.15	111.15	111.15
May	114.00	119.00	114.00	114.00
Jul	115.85	120.85	115.85	115.85
Sep	116.30	121.30	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Jan 2	Dec 31	mnth ago	yr ago
1709.8	1703.2	1716.2	1806.4

DOW JONES (Base: Dec. 31 1974 = 100)

	Dec 31	Dec 28	mnth ago	yr ago
Spot	124.97	124.15	123.06	127.28
Futures	127.76	127.37	123.83	129.36

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	553/6	559/6	559/0	549/6
Mar	567/2	574/6	573/4	563/4
May	581/4	588/6	586/0	578/0
Jul	594/6	603/0	602/0	592/0
Aug	598/4	606/0	603/4	596/0
Sep	599/0	602/6	602/4	597/0
Nov	602/6	605/4	606/0	601/0
Jan	615/0	619/6	617/0	613/0
Mar	626/4	629/6	626/4	625/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Jan	20.44	20.74	20.69	20.35
Mar	20.73	21.07	20.98	20.68
May	21.13	21.43	21.30	21.08
Jul	21.44	21.67	21.60	21.38
Aug	21.40	21.62	21.56	21.40
Sep	21.46	21.65	21.56	21.46
Oct	21.45	21.65	21.55	21.45
Dec	21.55	21.66	21.70	21.55

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Jan	162.8	164.5	164.3	160.8
Mar	167.7	169.7	169.2	165.8
May	172.1	173.6	173.5	170.5
Jul	176.4	178.0	177.8	175.0
Aug	177.7	179.4	179.5	176.5
Sep	178.5	178.7	179.0	176.5
Oct	178.5	178.5	179.0	177.0
Dec	181.0	181.2	181.0	179.2

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	248/4	250/2	249/0	248/0
Mar	231/6	231/6	231/6	230/2
May	239/2	239/4	239/4	238/0
Jul	245/2	246/2	245/4	244/2
Sep	247/0	248/6	248/2	246/6
Mar	255/4	257/0	255/4	254/2

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	263/4	260/4	264/0	258/4
May	269/6	266/4	269/6	263/4
Jul	273/2	271/2	273/6	267/4
Sep	279/6	278/4	279/6	274/4
Dec	292/4	288/4	292/4	288/0
Mar	298/6	294/6	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	77.07	77.20	77.40	76.90
Apr	76.10	76.47	76.62	75.95
Jun	74.42	74.82	74.90	74.35
Aug	72.95	73.10	73.10	72.82
Oct	72.85	73.00	73.10	72.80
Dec	73.25	73.50	73.50	73.25
Feb	73.25	73.80	0	73.25

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	48.07	48.87	48.65	48.00
Apr	46.15	46.87	46.85	46.05
Jun	50.87	51.37	51.37	50.80
Jul	51.00	51.30	51.20	50.80
Aug	49.25	49.67	49.52	49.10
Oct	44.60	45.10	44.87	44.60
Dec	44.90	45.35	45.00	44.90

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	61.12	63.10	62.85	61.10
Mar	60.62	62.60	62.15	60.60
May	61.60	63.60	63.25	61.60
Jul	61.67	63.55	63.40	61.62
Aug	60.00	61.05	62.00	60.00

LONDON STOCK EXCHANGE

Gloomy opening to the new year

THE NEW year made an uneasy start on the London stock market yesterday, when deepening concern over the Gulf and the economic outlook brought further losses in share prices. Lingering hopes for an early reduction in UK interest rates found little encouragement with a reminder from Mr Norman Lamont, UK chancellor of the exchequer, that UK rates would be "consistent with our ERM obligations".

The fading hopes for an early cut in UK base rates was clearly signalled from the interest futures markets, while the effect of recessionary pressures was underlined for equities by the announcement of a 35 per cent increase in UK corporate bankruptcies last year, as well as by a series of gloomy comments on the trading outlook from senior members of the UK business community.

Account Dealing Dates

First Dealings:		
Dec 10	Dec 31	Jan 14
Option Declarations:		
Dec 27	Jan 10	Jan 24
Last Dealings:		
Dec 28	Jan 11	Jan 25
Account Day:		
Jan 7	Jan 21	Feb 4

*New-time dealings may take place from 8.30 am two business days earlier.

With Tokyo closed and New York unimpressive overnight, UK stocks opened sluggishly and soon began to give ground. At the day's low point, which came at mid-morning, the FT-SE Index was down by more than 20 points. However, in the absence of the many fund managers and senior market traders, who had extended their Christmas holiday, turnover was thin.

The market steadied towards the close but lost heart as Wall Street struggled to hold on to plus territory in early dealings, showing a gain of less than a single point on the Dow when London went home for the day. The final reading left the FT-SE Index at 2,128.3, a loss on the session of 15.2 points and marked a return to index levels last seen at the end of November.

Market volumes picked up a little as equities rallied. However, the final total of 234.1m shares through the Seaq network was unimpressive by any standards, and compared unfavourably even with the 129.9m traded in the New Year's Eve half-day session.

Inevitably, there were further worries over the outlook for some London-based securities concerns struggling to earn a living in a market still heavily over-supplied with share traders.

The shadow of the Gulf lay over the market as investors pondered the prospects for the United Nation's January 15 deadline for Iraqi withdrawal from Kuwait. Oil shares provided one of the few firm spots in equities, although interest faded as North Sea Brent crude oil prices failed to hold initial gains.

Among industrials, the picture was generally gloomy, with ICI setting the trend by turning easier as Sir Denys Henderson, the chairman, warned employees of "painful decisions" ahead. In the financial sector, Sir John Quinton, chairman of Barclays Bank, predicted that the UK clearers would face bad debt provisions of about £2bn on last year's accounts. The insurance sector continued to wilt as a leading and well-respected analyst warned that "1990 could prove the second worst year for decades (for Britain's major composite insurers)".

Stores shares, which have already taken severe punishment from the effects of high interest rates and recessionary pressures on consumer spending, came in for further attack from City analysts even as Boots delivered the first reports on the outcome of the all-important Christmas selling season.

Commented Mr Bill Smith of Barclays de Zoete Wedd: "It all amounts to a fairly negative message. Hopes for interest rate cuts in the near term would seem to have been dashed – although we are still confident that rates will fall sharply in 1991."

FINANCIAL TIMES STOCK INDICES

	Jan 2	Dec 31	Dec 28	Dec 27	Dec 24	Year Ago	1990/91 High	1990/91 Low	Since Compilation High	Since Compilation Low
Government Secs	82.17	82.03	82.11	82.20	82.24	84.20	84.20 (2/1/90)	74.13 (30/4/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	90.59	90.62	90.62	90.69	90.90	92.74	92.91 (8/1/90)	83.80 (30/4/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1655.7	1673.7	1685.2	1687.8	1678.9	1934.1	1968.3 (3/1/90)	1510.4 (24/9/90)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	156.9	154.6	150.0	149.9	151.3	309.5	378.5 (6/2/90)	136.2 (18/12/90)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2128.3	2143.5	2160.4	2167.8	2158.3	2434.1	2463.7 (3/1/90)	1990.2 (28/9/90)	2463.7 (3/1/90)	986.9 (23/7/84)
FT-SE Eurotrack 100	931.10	938.05♦	937.25	948.51	958.18♦	-	1003.35 (6/12/90)	931.10 (2/1/91)	1003.35 (6/12/90)	931.10 (2/1/91)
Ord. Div. Yield	5.78	5.73	5.70	5.68	5.72	4.41				
Earning Yld %(full)	12.05	11.96	11.89	11.87	11.93	10.79				
P/E Ratio(Net)(☆)	10.03	10.10	10.16	10.18	10.12	11.22				
SEAQ Bargns 4.45pm	28,726	15,018	31,616	22,370	22,425	32,659				
Equity Turnover(£m)†	-	255.24	381.78	375.74	243.38	546.66				
Equity Bargains†	-	16,435	34,084	24,940	21,921	29,711				
Shares Traded (ml)†	-	120.6	207.9	198.9	120.9	255.8				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 100 31/8/90. ☆ Nil 9.86 ♦-Indicative.

Ordinary Share Index, Hourly changes Day's High 1673.6 Day's Low 1651.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1673.5	1664.9	1654.4	1655.6	1656.0	1654.2	1653.7	1653.4	1654.5

FT-SE, Hourly changes Day's High 2143.0 Day's Low 2122.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2142.9	2134.7	2125.6	2128.1	2128.6	2125.5	2125.1	2125.2	2127.9

FT-SE Eurotrack 100, hourly changes Day's High 931.34 Day's Low 926.24

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
928.79	926.66	926.24	927.98	928.04	927.80	930.31

GILT EDGED ACTIVITY

Indices*	Jan 2	Dec 31
Gilt Edged Bargains	27.6	36.1
5–Day average	40.2	52.3

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

Christmas sales disappoint

FIRST indications that Christmas sales were below expected levels hit the stores sector, fuelled by a trading report from Boots. Sir James Blyth, the chief executive, said sales had been above last year's but were below target. The shares closed 12 down at 308p.

The Boots report prompted brokers to reduce their profit forecasts for the current year from around a £360m to £370m range to £350m. The shares had begun on a weak note after Hoare Govett cut its forecast by £10m to £365m. Hoare lowered its estimate by another £15m after the statement.

Other stores to report shortly on Christmas trading are Storehouse, down 4 at 113p, and Ratners, off 18 at 158p. Hoare also pared its forecast for Storehouse by £5m to £30m; for Ratners by £15m to £125m; and for Sears by £15m to £97m, causing its shares to lose a penny to 84p.

Banks weaken

High street banks started the new year in dismal fashion following bearish comments on the level of bad debts in the UK by Sir John Quinton, chairman of Barclays.

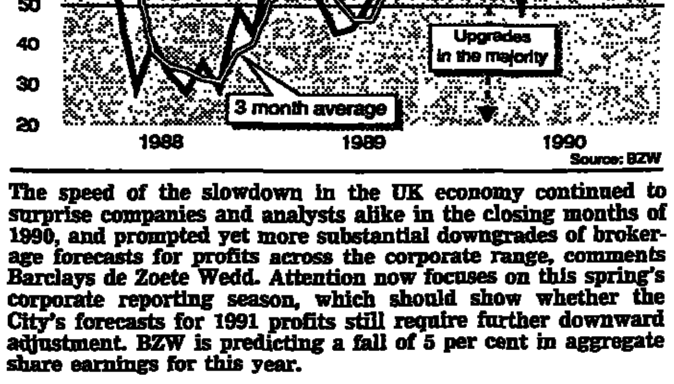
Sir John said the banks might need to make up to £2bn in provisions for an increase in bad debts. This put the seal on what many banking specialists see as a bleak outlook for the banks this year. One said: "There is a growing feeling that interest rates may stay higher than previously expected, because of the impact of the situation in the Gulf and UK entry into the ERM."

The market must now expect some very bad days in the banks sector until the full extent of the damage caused by company failures and bad debts in general is made known. The full year reporting season for the big four banks gets under way at the end of February.

The worst performer yesterday was Barclays, down 10 to 352p, also upset by a broker's recommendation to switch into NatWest. The latter outperformed the sector, closing only 2 easier at 265p. Lloyds lost 6 to 290p and Midland 6 to 181p.

Standard Chartered, which suffered the indignity of being dropped from the FT-SE 100 index, slipped 5 to 254p. TSB shed 4 to 132p on 2m ahead of preliminary figures due on Thursday week.

Downgrades as % of forecast changes



The speed of the slowdown in the UK economy continued to surprise companies and analysts alike in the closing months of 1990, and prompted yet more substantial downgrades of brokerage forecasts for profits across the corporate range, comments Barclays de Zoete Wedd. Attention now focuses on this spring's corporate reporting season, which should show whether the City's forecasts for 1991 profits still require further downward adjustment. BZW is predicting a fall of 5 per cent in aggregate share earnings for this year.

Ultramar shares were given a push by recommendations from at least two securities houses, County NatWest, which restated its buy stance on the stock, and Kleinwort Benson, which turned bullish on the shares after two years of bearishness.

Mr Fergus MacLeod at County said he had increased his forecast of net income for the year from £116m to £123m because of currency changes. He added that due to Ultramar's high gearing towards refining, the shares should outperform the more oil price-geared stocks as crude oil prices fell and refining margins expanded after the Gulf crisis. Refining margins, he said, picked up sharply last week, and Ultramar would benefit from growing demand for gas in the Far East.

Mr Philip Lambert at Kleinwort focused on the fact that Ultramar "has the merit of its substantial downstream element, which offers protection post the Gulf crisis". Mr Lambert said Opec members had made a lot of money in the last few months and would try to buy refineries in the West.

International stocks weakened with the dollar. One trader said: "Prices are barely changed in New York but are down here." Glaxo slipped 9 to 839p and ICI 8 to 858p. Turnover was thin.

Grand Metropolitan and Guinness, two brewing sector stocks with large US earnings, also lost ground. Traders said they had been particularly strong in December and early sell orders yesterday have left the market oversupplied with stock. GrandMet shed 9 to 666p, having bottomed at 662p, while Guinness lost 10 to 751p.

Allied-Lyons was the exception, firming 2 to 483p. The stock had been weak last month as the market braced itself for possible selling of up to 9.4 per cent of the company's equity by Canadian property developer Olympia & York. The latter has a large block of convertible stock acquired in 1987 as part of the deal which transferred 49 per cent of Canada's Hiram Walker to Allied. The period during which the conversion can be made began yesterday and lasts for four years. Traders added that Allied had been included on one newspaper's list of share tips of the year.

The second half profits warning issued on Monday by Guardian Royal Exchange continued to weigh heavily on GRE shares and those of other composite insurers. The market also took note of the recent gales across the UK and forecasts of worse to come later this week.

There was also a follow-up meeting yesterday between GRE and insurance analysts in which the insurance group said it would seek redress from an expensive foray into the Italian automobile market, and that it would make provisions of between £50m and £70m during the second half because of the increased cost and frequency of personal injury claims in the UK. The company is believed to have stressed the difficulties that its UK businesses are currently enduring.

Dealers said the market was becoming more convinced that GRE's losses for the full year would be much closer to the £134m figure expected by the most pessimistic analysts, rather than the £60m deficit predicted by others. "More downgrades of the composites are imminent," noted an insurance specialist.

GRE shed 3 to 179p. Royals lost 13 to 380p, Commercial Union 9 to 448p and Sun Alliance 4 to 326p. General Accident, where an announcement of its life bonus rates is thought to be imminent, fell 14 to 458p; Commercial Union surprised the market by maintaining its life bonus rates last month.

An abundance of new year investment recommendations found most recipients in the miscellaneous industrial sector none too eager to respond. Diploma, the building supplier and semiconductor distributor, made moderate headway to 207p, up 3, while BET, 168p, and British Aerospace, 524p, both edged forward.

Other 1991 buys were Hawker Siddeley and Lucas Industries, but they lost ground, the former closing 7 off at 432p and the latter 3 lower at 143p.

Thought by many investors to be the big stock most vulnerable to predatory moves, Pilkington, the world's largest maker of flat glass, was another to retreat. Dealers said some short-term optimists expressed disappointment yesterday that a takeover attempt had not been made before the year's end. They tried reduce their commitments, leaving the shares 2½ off at 176p.

The reminder of bleak prospects for the chemical industry did little more than nudge prices down a penny or so. Croda International was the exception, declining 4 to 147p. Selected green stocks also showed losses, primarily prospective merger partners Shanks & McEwan and Rechem Environmental Services, which fell 25 to 1118p and 10 to 548p respectively.

The contest for control of Birmingham Mint, the coin minting and specialist engineering company, looked finely balanced yesterday after hostile bidder IMI claimed ownership of nearly 46 per cent of its equity. The total includes acceptances of the final IMI offer of 95p per share, which closes at 3pm tomorrow.

Birmingham Mint remained at 93p, although its board, which has rejected the bid as inadequate, said yesterday that it would be prepared to recommend an increased offer of 110p per share. If the current bid was to lapse, IMI would be allowed under City rules to make a higher recommended offer after three months. IMI slipped 3 to 202p.

Shandwick, the public relations group, remained friendless. It has suffered in recent months from analysts' caution on the agency sector, views which were reiterated last month concerning Shandwick. The shares dropped another 9 to 51p, compared with 120p in October and a record high of almost £8 in 1987.

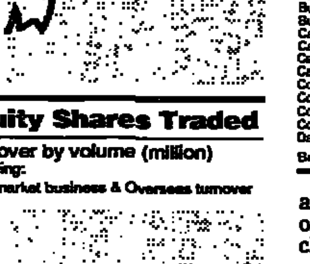
Early light buying of Carlton Communications, in the wake of the stock's inclusion in several lists of recommended investments for 1991, helped the shares to rise to within a whisker of £4. But an agency broker then offered stock around the market and Carlton fell rapidly to end 5 lower on the day at 389p.

Oil issues outperformed the market, still reflecting the chances of a Gulf war. Shell put on 3 to 461p, BP hardened to 335p and British Gas edged ahead to 226½p. Enterprise rose 4 to 611p.

Hints of a drilling success in the North Sea were said to have been behind good support for Hardy Oil & Gas, which moved up 5 to 203p.

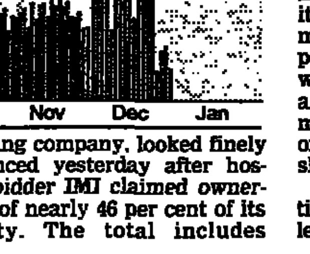
■ Other Market statistics, including the FT-Actuaries share index, Page 16

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
intra-market business & Overseas turnover



TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ADT	722	111	-2	Dixons	791	131	-9	Marks & Spencer	1,200	220	-3	Smith & Nephew	90	104	-½
ASDA Group	2,000	116	-3	ECC Group	325	350	-1	Maxwell Comms.	473	151		SmKl Beecham	455	829	-4
Abbey National	1,300	229	-2	Eastern Elect.	3,700	140	+2	Midland Bank	745	181	-6	SmKl Beecham Uts.	117	2735	-40
Allied-Lyons	1,000	483	+2	East Midland Elect.	3,500	146		Midlands Elect.	2,800	137	-1	Smiths Inds.	111	223	-1
Amstrad	824	62		Enterprise Oil	132	611	+4	NatWest Bank	2,200	265	-2	Southern Elect.	3,500	143	+2
Anglian Water	336	256	-5	FKI	383	48		Next	1,100	13½	-2½	South Wales Elect.	1,900	165	-3
Argos	416	243	-3	Ferranti	576	14		North West Water	561	283	-5	South West Water	84	282	-1
Argyll Group	1,600	243	-3	Fisons	906	387	-2	Northern Elect.	1,500	147		South West. Elect.	1,600	149	+1
Ass. Brit. Foods	423	428	+7	Gen. Accident	1,100	458	-14	Northern Foods	360	335	+2	Southern Water	172	246	-2
BAA	337	410	-5	General Elect.	3,600	189	-1	Northumbrian Water	27	278	-3	Standard Chartd.	171	254	-5
BAT Inds.	182	576	-1	Glaxo	393	839	-9	Norweb	2,400	149	+1	Storehouse	1,100	113	-4
BET	343	168	+2	Glynwed Int.	17	214	-3	Pearson	168	650	-6	Sun Alliance	200	326	-4
BICC	159	326	-5	Granada	60	178	-2	P & O	1,000	529	-7	Sun Life	5	1100	-10
BOC	130	480	-5	Grand Met.	2,800	666	-9	Pilkington	1,900	176	-2½	T&N	205	153	+1
BPB Inds.	137	176	-4½	GUS A	74	1055	-10	Prudential	1,100	195	-1	TI Group	105	403	-2
BTR	478	320	-1	GRE	1,800	179	-3	RHM	850	296	-1	TSB	2,000	132	-4
Bank of Scotland	112	117		GKN	772	327	-2	RMC	177	643	-5	Tarmac	807	243	-5
Barclays	2,100	352	-10	Guinness	653	751	-10	RTZ	208	448	-3	Tate & Lyle	404	272	-2
Bass	291	1044	-5	Hammerson "A"	264	633	+2	Racal	1,100	170	-2	Taylor Woodrow	263	215	
Beazer	329	99	-1	Hanson	1,900	183½	-1½	Racal Telecom	1,600	255	-2	Tesco	1,000	225	-3
Berisford Int.	1,200	20	-1	Hanson Warrants	123	32½	+½	Rank Org.	89	619	-4	Thames Water	310	271	-2
Blue Circle	485	217	-2	Harrisons Crosfield	145	138	-1	Reckitt & Colman	73	1290	-3	Thorn EMI	89	670	-7
Boots	2,200	308	-12	Hawker Sidd.	419	432	-7	Redland	169	585	-1	Trafalgar House	1,000	199	
Brit. Aerospace	432	524	+1	Hillsdown	395	243	-2	Reed Intl.	254	374	-3	Trusthouse Forte	836	248	+1
British Airways	1,500	140	-3	IMI	537	202	-3	Reg. Elect. Pkg Uts	23	£1468	+3	Ultramar	874	329	+6
British Gas	4,100	226½	+1½	ICI	321	858	-8	Reuters	480	884	-9	Unigate	257	268	-2
British Land	141	272	-2	Inchcape	621	231	-3	Rolls Royce	2,600	158	-2	Unilever	320	683	
BP	1,000	335	+1	Kingfisher	326	366	-5	Rothmans	59	747	+1	United Biscuits	577	318	
British Steel	3,600	116½	-1	Ladbroke	724	247	+1	Ryl Bk Scotland	480	157	-3	Utd. Newspapers	9	301	-3
British Telecom	5,200	280	-4	Land Securities	312	523		Royal Insurance	373	380	-13	Water Package Uts.	0	£2605	-35
Bunzl	1,500	67	-1	Laporte	13	473		STC	1	324	+½	Wellcome	52	439	+2
Burmah Castrol	112	509	+1	Legal & General	452	354	-6	Saatchi	67	34	-1	Welsh Water	90	272	-3
Burton	2,000	74	-3	Lloyds Abbey	85	326	-4	Sainsbury	716	305	-2	Wessex Water	63	260	-2
Cable & Wire.	788	446		Lloyds Bank	486	290	-6	Scottish & New.	890	356	-2	Whitbread 'A'	1,000	430	-7
Cadburys	230	319		LASMO	1,300	380	+3	Sears	2,300	84	-1	Wiggins Teape	1,700	178	-4
Calor Group	107	242		London Elect.	3,200	139		Sedgwick	781	230	-9	Williams Hldgs.	446	330	-1
Carlton Comms.	522	389	-5	Lonrho	855	216	-4	Seeboard	1,600	144	+1	Willis Corroon	1,100	272	-7
Coats Viyella	603	104	-2	Lucas	1,900	143	-3	Severn Trent Water	909	241	-3	Wimpey	722	204	-4
Comm Union	178	448	-9	MB Caradon	461	158	-5	Shell Transport	865	461	+3	Yorkshire Elect.	2,800	160	+1½
Cookson	401	105	-1	MEPC	259	491	-1	Siebe	37	338	-3	Yorkshire Water	210	265	-2
Courtaulds	98	328	-3	Manpower	1,100	55	-1	Slough Ests	75	237	-1				
Dalgety	284	351		Manweb	3,500	162	-3	Smith (W.H.) A	197	375	-8				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

NEW HIGHS AND LOWS FOR 1990/91

NEW HIGHS (8).
BREWERS (1) Macdonald Martin A. ELECTRICALS (1) STC. FOODS (1) A.B. Foods. LEISURE (1) Airtours. TRUSTS (4) I & S Optimum Inc. Tst. Zero Div. Prf., Olim Zero Cpn. Prf., River Plate Zero Div. Prf., Scot. Nat. Zero Div. Prf.

NEW LOWS (66).
AMERICANS (1) Gt. Am. First Svgs. Bk., CANADIANS (1) Hawker Siddeley Can., BANKS (2) ANZ, Banco de Santander, BUILDINGS (3) Anglia Secure Homes, Hewetson, Lafarge Coppee, STORES (2) Ratners, Do. 8¾p Cnv. Cum. Red. Prf., ELECTRICALS (5) GEC, Harland Simon, Logitek, Menvier-Swain, Western Selection, ELECTRICITY (1) Midlands, ENGINEERING (5) Haden MacLellan, Kvaerner, MS Int., Tex, Torday & Carlisle, FOODS (2) Cullens, Nichols (Vimto), HOTELS (1) Pelican, INDUSTRIALS (7) Caparo Inds., Daimler Benz, Expamet, ISA Int., Johnston Grp., Optometrics, Stag Furniture, INSURANCE (1) FBD, LEISURE (3) GWR, Radio City A, Zetters, NEWSPAPERS (1) Adscene, PAPERS (1) Shandwick, PROPERTY (7) Arcadian Int., Britannia Group, Egerton Trust, Ests. & General, Hardanger, Ossory Ests., Prop. Partnership, TEXTILES (1) Sirdar, TRANSPORT (1) TNT, TRUSTS (21) Abtrust New Thai, Berry Starquest, Brit. Assets, Drayton Cons., Electra, Eng & Caledonian, Fleming Fledgeling, GT Venture Wrrnts., Guidehouse, Latin American, Do. Wrrnts., I & S Optimum Inc., Martin Currie Wrrnts., Murray Int. B, New Throgmorton Cap., Do. New Wrrnts., Pacific Prop. Wrrnts., SPRAIT, South East Asian Wrrnts., TR Euro Growth, Tyndall, OVERSEAS TRADERS (1) Antofagasta, MINES (2) MIM, Minorco.

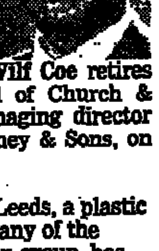
APPOINTMENTS

Eurotunnel promotions

■ EUROTUNNEL has made the following changes: Mr Peter Ratzer, treasurer, has been promoted to group secretary and director of corporate finance, succeeding Mr Douglas Hogg who has been promoted to a key responsibility in the commercial and marketing division. Mr Patrick Fulhaber has been promoted to group treasurer, and will continue to service the risk managment committee. Mr Mike Grant is promoted to manager of corporate finance. Ms Agnes Bonnet becomes head of investor relations. Ms Barberine Mei becomes joint secretary or secretary of all French group companies. Mr Christophe Cuny has been promoted to head of banking and exchange in successionto Mr Ernie King who retired at the end of the year, but continues as a consultant for a further three months.

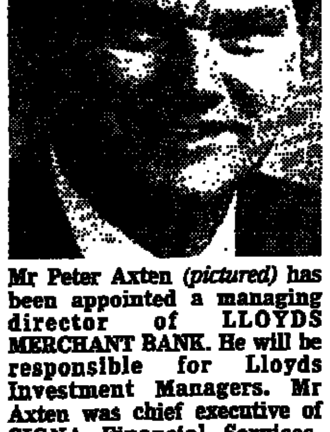
■ PORT OF LONDON AUTHORITY has appointed Sir Brian Shaw as chairman of its River Committee, taking over from Mr Robert Crawford who remains PLA vice chairman. Sir Brian was appointed to the PLA board as a non-executive member on January 1 1987. He is chairman of both Furness Withey & Co, and ANZ Grindleys Bank, and is treasurer of the AA. The PLA River Committee is responsible for river division's statutory functions, including navigation, pilotage, licensing, and conservation.

■ Following the annual meeting in May Mr John Church, managing director, will be promoted to chairman of CHURCH & CO, succeeding Mr Ian Church who will retire but remain a non-executive director. Mr Iain Kennedy (pictured) has been appointed joint managing director with Mr John Church until Mr Church becomes chairman. Mr Wilf Coe retires from the board of Church & Co, and as managing director of Joseph Cheaney & Sons, on January 31.



■ PLASTONA, Leeds, a plastic packaging company of the John Waddington group, has appointed Mr Bob Jackson as sales director. He joined the company as sales manager in 1988 from BXL Plastics.

■ Mr Tony Dye has been appointed deputy chief executive of both UBS ASSET MANAGEMENT (UK) and PHILIPS & DREW FUND MANAGEMENT. He continues in his role of investment director. PDFM has appointed Ms Fiona Sturrock a director. UBS Phillips & Drew International Management has made Mr Wilson Philips a director, while Mr Michael Gostick and Mr Philip Keeler have become directors of UBS Asset Management.

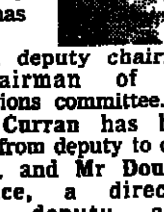


Mr Peter Axten (pictured) has been appointed a managing director of LLOYDS MERCHANT BANK. He will be responsible for Lloyds Investment Managers. Mr Axten was chief executive of CIGNA Financial Services, Europe, and was previously the director of Midland Bank's personal financial services division.

■ Mr Brian M. Winterflood and Mr Brian S.P. Gent have been appointed directors of THE UNION DISCOUNT COMPANY OF LONDON. Mr Winterflood is managing director of Winterflood Securities, and Mr Gent is a director of subsidiary The Union Discount Company, and was deputy head of banking supervision at the Bank of England.

Candover chairman

■ Mr Roger Brooke (pictured) has been promoted from chief executive to chairman of CANDOVER INVESTMENTS following the retirement of Mr Peter Wreford, who remains a non-executive director. Mr Anthony Hichens, a director, has been appointed deputy chairman and chairman of the remunerations committee. Mr Stephen Curran has been promoted from deputy to chief executive, and Mr Douglas Fairservice, a director, becomes deputy chief executive. Mr Peter Neal has joined Candover as company secretary following the resignation last November of Mr Stephen Alexander.



■ Mr Duncan Young, managing director of the Household Mortgage Corporation, has been elected chairman of the centralised mortgage lenders' trade association, the ASSOCIATION OF MORTGAGE LENDERS. Mr Robert Sharp, managing director of Bank of Ireland Home Mortgages, becomes vice chairman.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
99 11/16	97 7/8	Treas 11¾pc 1991	99¾xd		11.78	–
98 3/8	92 5/16	Funding 5¾pc '87-91‡‡	98 5/8	+1/16	5.85	11.87
97 13/16	89 3/4	Treas 3pc 1991	97 5/8	+1/16	3.09	10.83
99 7/8	94 19/32	Treas 10pc Cv '91‡‡	98 13/16xd		10.11	12.15
99 3/8	94 15/32	Exch 11pc 1991	99 1/4	-1/16	11.08	11.95
97 1/8	90 1/4	Treas 8pc 1991	96 21/32	-1/16	8.27	11.69
101 7/8	97 11/16	Treas 12¾pc 1992‡‡	100 7/8xd		12.64	11.90
98 5/8	92 1/4	Treas 10pc 1992	97 27/32	-1/32	10.21	11.93
96 11/16	89 1/8	Treas 8pc 1992‡‡	95 11/16	-1/32	8.36	11.64
99 9/32	93 3/4	Treas 10½pc Cv 1992‡‡	98 1/2	-1/16	10.66	11.70
93 1/4	82 15/16	Treas 3pc 1992	91 1/8	-1/8	3.29	9.35
101 5/8	95 15/16	Exch 12¼pc '92	100 13/16	-1/16	12.16	11.71
104	98 1/4	Exch 13½pc 1992	102 7/8	-1/16	13.12	11.56
94 23/32	86 1/4	Treas 8¼pc 1993	94 1/4	+1/16	8.77	11.41
98 7/8	90 1/4	Treas 10pc 1993‡‡	97 1/4	-1/8	10.29	11.38
103 13/16	96 1/32	Treas 12½pc 1993‡‡	102 3/8xd	-1/8	12.21	11.39
92 1/4	82	Funding 6pc 1993‡‡	90	+1/8	6.67	10.04
107 13/16	99 3/8	Treas 13¾pc 1993‡‡	105 5/8	-1/8	13.02	11.38
94	84 1/4	Treas 8½pc 1994	92 11/16xd	-1/32	9.17	11.35
111 1/8	102 1/4	Treas 14½pc 1994‡‡	108 13/16	-1/8	13.34	11.14
107 5/8	99 1/4	Exch 13½pc 1994	105 13/32	-1/16	12.75	11.28
98 1/8	88 13/16	Treas 10pc Ln 1994‡‡	96 13/16	-1/8	10.36	11.19
105 1/4	96 1/32	Exch 12½pc 1994	103 13/32	-1/8	12.09	11.27
94 17/32	85	Treas 9pc 1994‡‡	93 1/4	-1/8	9.65	11.17
104 3/8	94 15/16	Treas 12pc 1995	102 3/8xd	-1/8	11.70	11.15
87	73	Exch 3pc Gas 90-95	83 5/8	-1/8	3.60	6.88
98 1/2	88 1/4	Exch 10¼pc 1995	96 13/16xd	-1/8	10.60	11.17

Five to Fifteen Years

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
108	97 13/16	Treas 12¾pc 1995‡‡	105 7/8	-1/8	12.04	11.13
112 11/16	101 1/4	Treas 14pc '96	109 13/16xd	-1/8	12.75	11.36
93 23/32	82 15/16	Treas 9pc 1992-96‡‡	92 13/16	-1/8	9.73	10.86
119 13/16	107 3/8	Treas 15¼pc 1996‡‡	115 13/16	-1/8	13.20	11.25
110 7/8	99 1/8	Exch 13¼pc 1996‡‡	108	-1/8	12.27	11.17
96 1/2	85 1/2	Conversion 10pc 1996	95 1/2	-1/8	10.47	11.03
112 3/4	98 11/16	Treas 13¼pc 1997‡‡	108 13/16xd	-1/8	12.19	11.21
99 7/8	87 1/4	Exch 10½pc 1997	97 3/8	-1/8	10.79	11.07
91 1/8	79 3/8	Treas 8¾pc 1997‡‡	89 1/2	-1/8	9.77	10.98
121 1/4	106 1/2	Exch 15pc 1997	117 1/8	-1/8	12.81	11.29
95 13/16	83 1/2	Exch 9¾pc 1998	93 13/16xd	+1/8	10.38	11.05
82 5/8	70 3/8	Treas 6¾pc 1995-98‡‡	81 1/8	+1/8	8.32	10.57
126 1/4	110 1/4	Treas 15½pc '98‡‡	122 1/8	+1/8	12.70	11.16
107 1/8	93 1/4	Exch 12pc 1998	104 13/16	+1/8	11.45	11.09
95 1/8	82 1/4	Treas 9½pc 1999‡‡	92 7/8xd	+1/8	10.23	10.85
109 3/8	94 7/8	Exch 12¼pc 1999	106 1/8	+1/8	11.54	11.10
99 7/8	85 1/2	Treas 10½pc 1999	97 1/8	+1/8	10.76	10.95
98 13/16	84 1/4	Conversion 10¼pc 1999	95 13/16	+1/8	10.68	10.97
92 1/8	78 13/16	Conversion 9pc 2000‡‡	89 13/16	+1/8	10.02	10.79
114 1/2	98 1/4	Treas 13pc 2000	110 13/16xd	+1/8	11.72	11.12
97 5/8	82 1/4	Treas 10pc 2001	94 1/2	+1/8	10.58	10.88
117	102 1/4	Treas 14pc '98-01	113 13/16	+1/8	12.34	11.26
96 1/2	81 1/8	Treas 9¾pc 2002	92 13/16	+1/8	10.50	10.83
119 1/4	102 1/4	Treas 13¾pc 2000-03	114 13/16xd	+1/8	11.98	11.20
99 7/8	82 13/16	Treas 10pc 2003	94 5/8	+1/8	10.57	10.76
96 7/8	91 1/4	Treasury 10pc 2003 "A"	94 5/8	+1/8	10.57	10.76
106 1/2	90 1/4	Treas 11½pc 2001-04	102 13/16	+1/8	11.22	11.07
56 1/4	45 7/8	Funding 3½pc 99-04	53 13/16xd	+1/8	6.51	9.73
96 1/2	79 13/16	Conversion 9½pc 2004	91 1/8	+1/8	10.40	10.68
96 11/16	79 13/16	Conversion 9½pc 2005	91 1/8	+1/8	10.40	10.66

Over Fifteen Years

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
117 5/8	98 3/8	Treas 12½pc 2003-05	111 13/16	+1/8	11.22	10.80
84 7/8	69 1/4	Treas 8pc 2002-06‡‡	80 1/8	+1/8	9.99	10.61
111 5/8	93 1/4	Treas 11¾pc 2003-07	106 1/4xd	+1/8	11.05	10.78
89 11/16	73 13/16	Treas 8½pc 2007‡‡	84 13/16xd	+1/8	10.03	10.46
125 1/4	105 13/16	Treas 13½pc '04-08	118 13/16	+1/8	11.36	10.77
94 1/2	77 1/4	Treas 9pc 2008‡‡	89 1/8	+1/8	10.10	10.33
85 13/16	69 13/16	Treas 8pc 2009	80 13/16	+1/8	9.94	10.36
94 3/4	77 1/4	Conv 9pc Ln 2011‡‡	88 5/8xd	+1/8	10.16	10.34
63 1/4	50 1/2	Treas 5½pc 2008-12‡‡	58 13/16	+1/8	9.33	10.27
83	67 1/4	Treas 7¾pc 2012-15‡‡	77 3/8xd	+1/8	10.02	10.35
122 1/4	100	Exch 12pc '13-'17	114	+1/4	10.53	10.36

Undated

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
41 1/2	33 3/8	Consols 4pc	37 13/16xd		10.59	–
36 1/2	29 1/4	War Loan 3½pc‡‡	33 1/4	+1/8	10.39	–
61 1/2	55 1/4	Conv 3½pc '61 Aft	57 1/2		6.04	–
32 1/2	26 1/4	Treas 3pc '66 Aft	28 1/2		10.57	–
25 3/8	20 1/2	Consols 2½pc	23 13/16xd	+1/8	10.51	–
25 1/2	20 1/4	Treas 2½pc	23 1/4		10.61	–

BRITISH FUNDS—Contd

Index-Linked

1990/91 High	1990/91 Low	Stock (b)	Price £	+ or –	Yield (1)	Yield (2)
126 1/2	110 1/4	Tr. 2pc '92‡‡ (97.8)	125 1/16	.....	2.44	4.60
116 1/2	103 1/4	Do. 2pc '94 (102.9)	115 1/16	.....	3.29	4.06
171 13/16	150 5/8	Do. 2pc '96 (67.9)	168 13/16	.....	3.38	3.86
140 1/4	123 1/2	Do 2½pc '01 (78.3)	137 13/16	.....	3.93	4.22
136 5/8	119 3/8	Do. 2½pc '03 (78.8)	133 13/16	.....	4.01	4.25
137 1/2	122	Do. 2pc '06 (69.5)	135 1/2xd	+1/8	4.07	4.27
127 1/4	113 1/4	Do. 2½pc '09 (78.8)	124 7/8	+1/8	4.08	4.26
131 1/4	117 1/4	Do. 2½pc '11 (74.6)	129 1/2	+1/8	4.06	4.23
108 3/4	97 5/8	Do. 2½pc '13 (89.2)	106 1/2	+1/8	4.05	4.20
116 13/16	105 1/4	Do. 2½pc '16 (81.6)	114 13/16xd	+1/8	4.01	4.16
113 1/4	102 1/4	Do. 2½pc '20 (83.0)	110 1/4	+1/8	3.99	4.12
95 1/4	86 1/8	Do. 2½pc '24‡‡ (97.7)	92 1/4xd	+1/8	3.94	4.06

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1990: 125.1 and for November 1990: 130.0.

INT. BANK AND O'SEAS

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
100 5/8	84 1/2	African Dv Bk 11¼Ln 2010	96 1/2	+1/8	11.57	11.64
98 1/4	80 13/16	Asian Dev Bk 10¼pcLn2009	92 1/2	+1/8	11.12	11.26
110 1/4	80 13/16	Int-Am Dev Bk 12½pc 2003	105 13/16	-1/8	11.80	11.57
91 1/4	76 1/4	Do. 9¾pcLn 2015	87 1/2	+1/8	11.19	11.30
110	55	Utd. Mexican States 16½pc 2008	109	.....	15.14	14.90

CORPORATION LOANS

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
104	86 1/2	Birmingham 11½pc 2012	101 1/2	.....	11.33	11.30
94 1/2	84 1/2	GLC 6¾pc 1990-92	93 1/2xd	.....	7.22	12.91
110 1/2	95	Leeds 13½pc 2006	110 1/2	.....	12.22	12.01
30 1/2	25	Liverpool 3½pc Irred	29	.....	12.07	–
35	24	LCC 3pc '20 Aft	27	.....	11.11	–
98 1/2	85 1/2	Manchester 11½pc 2007	98 1/2	.....	11.68	11.70

COMMONWEALTH & AFRICAN LOANS

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
206	206	S Rhod 2½pc Unasntd	206	.....	–	–
84 1/2	84 1/2	Do 4½pc 87-92 Assd	84 1/2	.....	5.33	9.33

LOANS

Building Societies

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
109	99 1/2	N'wide Anglia 3¾pc Ln 2021	103 1/4	-1 1/4	4.94	5.32
109	99 1/2	Do. 4.25pcIL '24	104 1/2	-1 1/4	4.83	4.99

Public Board and Ind.

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
55	41	Met. Wtr. 3pc 'B'	52	.....	5.77	9.70

FOREIGN BONDS & RAILS

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
50	50	Greek 7pc Ass.	50	.....	3.50	17.00
50	50	Do. 6pc 28 Stb. Ass	50	.....	3	16.00
50	50	Do 4pc Mixed Ass.	50	.....	2	14.00
80	80	Hung. '24 Ass.	80	.....	2.75	13.57
128 1/4	108 1/2	Hydro Quebec 15pc 2011	120 13/16	+1/8	12.89	12.20

AMERICANS

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
24 5/8	18 3/4	Abbott Laboratories	23 1/4xd	.....	84c	–	1.8
610p	280p	♥Allegheny & W 1c.	304p	+5	30c	–	5.0
10 1/4	543p	Amdahl 5c.	732pxd	+2	10c	–	0.7
34 1/2	21 1/4	Amer Cyanamid $5	27 1/4	+5/8	$1.35	–	2.5
21 7/8	8 13/16	Amer. Express 60c	18 1/8xd	+1/8	92c	–	4.4
28 3/4	15 1/8	American T & T. $1	15 3/4xd	-1/8	$1.32	–	4.3
42 1/4	27 1/4	Ameritech $1	34 5/8	-1/8	$3.16	–	4.6
586p	116p	♥Aslamerica Equity‖	181p	-2		–	–
19 1/2	8 3/4	BankAmerica $1 13/16	13 13/16	.....	$1.00	–	3.6
27 1/2	15 1/4	Bankers N.Y. $1	22 1/4xd	.....	$2.54	–	5.8
35 1/4	21	Bell Atlantic $1	27 3/4xd	+1/4	$2.36	–	8.6
36 1/4	25 1/2	BellSouth Corp.	28 1/4	+1/4	$2.68	–	4.7
13 1/8	5 3/8	♥Bethlehem Steel $8	7 3/4xd		40c	–	2.6
19 3/4	816p	Bowater Inc	1182p	-24	$1.20	–	5.5
9 1/2	3 1/4	Brunswick 75c	4 1/4xd	.....	44c	–	4.7
46 3/4	35 1/2	CPC Intnl. 25c	43 1/4xd	.....	$2.00	–	2.3
930p	358p	California Engy	433p	-2	–	–	–
36 1/2	23 1/2	Campbell Soup 15c.	30 1/2xd	.....	$1.16	–	1.9
21 3/4	5 1/8	Chase Manhattan $12½	5 3/4xd	+1/8	$1.20	–	23.4

AMERICANS—Contd

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
19 1/4	524p	Chem. Banking Corpn.	557p	-9	$1.00	–	9.1
12 1/2	5 1/4	Chrysler $6¼	6 1/4xd	-1/8	$1.20	–	9.4
18 1/4	5 1/2	Citicorp $1	6 1/2xd	-1/8	$2.46	–	19.2
40 1/2	29 3/8	Colgate-Palmolive $1	39 1/8xd	.....	$1.80	–	2.3
12 1/4	386p	Cont'l Bank Corp $4	462p	.....	$1.00	–	11.0
268p	51p	♥Corporate Data Scie.	51p	.....		–	–
22 1/2	10 1/4	Dana Corp. $1	15 1/8xd	.....	$1.60	–	5.4
768p	178p	Data General	239p	+18		–	–
29 1/2	18 3/4	Dun & Bradstreet $1	21 3/4	.....	$2.12	–	4.9
37 1/4	21	Eaton Corpn. 50c	25 3/4	.....	$2.20	–	4.3
10 1/4	4 1/2	Echlin Inc	5 13/16xd	.....	70c	–	6.0
22 1/4	13 3/4	FPL Group 1c	15 5/8xd	.....	$2.36	–	7.7
29 1/4	15	Fluor Corp 62½pc	19 1/2xd	.....	32c	–	0.8
30 1/4	12 1/2	Ford Motor $1	13 1/2xd	-1/8	$3.00	–	11.1
41 1/2	25 1/4	Gen. Elect. 63c	29 1/2xd	-1/8	$2.04	–	3.7
441p	205p	♥General Host Corp $1	271p	-8	32c	–	6.0
35 1/2	25 1/4	Gillette $1	32 1/8	.....	$1.08	–	1.7
315p	23p	Gt American Bank Bk $1	23p	-3	20c	–	–
20 1/4	10 1/4	Greyhound Dial $1½	13 1/4xd	.....	$1.32	–	5.1
12 1/4	583p	Hasbro Inc 50c	807p	-1	20c	–	1.3
30 1/2	18 1/4	Honeywell $1½	23 1/4xd	.....	$1.50	–	3.3
21 1/4	16	Houston Inds‖	19	.....	$2.96	–	7.9
74	49 1/2	IBM Corpn $1¼	58 1/2xd	-1 1/2	$4.84	–	4.2
35 1/2	14 1/2	Ingersoll-Rand $2	19 1/2xd	.....	$1.32	–	3.4
25 1/2	12 1/2	Lockheed Crpn. $1	17 1/2xd	.....	$1.80	–	5.2
11 1/2	7 1/4	Lone Star Inds $1	7 1/4xd	.....	$1.90	–	12.9
28 1/2	21 1/4	Louisiana Land 15c	21 1/2xd	.....	$1.00	–	2.3
29	939p	Lowe's 50c	1270p	+7	52c	–	2.1
22 1/2	8 1/4	Manuf. Hanover $1	12xd	.....	$3.28	–	13.8
16 1/4	8 1/2	Merrill Lynch $1	11 1/4	.....	$1.00	–	4.5
14 1/4	8 3/4	Molex Inc.	12 1/2	.....	4c	–	0.2
27 1/4	16 1/2	Morgan (JP) $2½	22 3/4xd	-1/8	$1.98	–	4.4
30 1/2	21 1/4	Morris (Philip)	26 1/4xd	-1/8	$1.72	–	2.6
56 1/4	34 1/4	NYNEX $1	36 1/4	+1/4	$4.56	–	6.3
21 1/4	919p	PHH Corp.‖	12 1/2	.....	$1.20	–	5.0
195p	53p	♥Pacific Agr.‖	68p	.....		–	–
22 1/2	13 1/4	Pall Corp. 25c	18 1/4	.....	56c	–	1.6
55 1/2	32 1/2	Pennzoil $3 1/3c	34 3/4xd	.....	$3.00	–	4.4
35 1/2	21 1/4	Quaker Oats $5	27 1/4xd	.....	$1.56	–	2.6
32 1/4	19 1/4	Rep NY Corpn $5	25 13/16xd	.....	$1.32	–	2.6
16 1/4	10 1/2	Rockwell Intl. $1	14 5/8xd	.....	86c	–	3.1
25 1/2	11 1/4	Sears, Roebuck 75c	13xd	-1/4	$2.00	–	7.8
40 1/4	24 1/2	Southwestern Bell $1	29xd	.....	$2.76	–	4.8
25 1/2	13 1/4	Sun Co. Inc. $1	14 1/2	.....	$1.80	–	6.3
31 1/2	15 1/2	TRW Inc. 62½c	19 1/2	.....	$1.80	–	4.7
42 1/2	20 1/2	Tenneco $5	25 3/4xd	.....	$3.04	–	6.1
37 1/4	28 1/2	Texaco $6.25	31 13/16	.....	$3.20	–	5.1
25 1/2	12	Texas Instr. $1	20 1/4xd	.....	72c	–	1.8
81 1/2	34 1/2	Time Warner $1	46 1/4xd	.....	$1.00	–	1.1
18 1/4	7 1/4	TRINOVA Corp	9 1/2xd	.....	68c	–	3.6
22 1/2	15 1/4	USX $1	15 1/2xd	-1/8	$1.40	–	4.6
408p	269p	♥Unilab	283p	.....		–	–
36 1/2	21 1/4	Utd. Technologies	24 13/16xd	-1/4	$1.80	–	3.7
149p	51p	♥Ullitech Inc	51p	.....		–	–
25 1/2	16 1/2	US West‖	20 1/2	.....	$3.76	–	9.5
25 1/4	14 1/2	Waste Management $1	18 1/4	.....	36c	–	1.0
20 1/4	907p	Whirlpool $1	1218p	+1	$1.10	–	4.6
20 1/2	12 1/4	♥Woolworth $3½	16	.....	$2.08	–	6.6

CANADIANS

1990/91 High	1990/91 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
9 1/2p	1p	♥Abbot Energy Corp	9p			–	–
12 3/4	896p	♥Amer. Barrick Res.	11 1/4	+1/4		–	–
17 1/2	11 1/4	Bk. Montreal‖	13		$2.12	–	7.2
883p	464p	Bk Nova Scot.‖	553pxd	+4	$1.00	–	8.4
819p	609p	♥BC Gas $1	661p		60c	–	4.0
24 1/2	15 1/4	BCE‖	17 1/2	-1/8	$2.56	–	6.4
14 3/4	616p	♥Brascan‖	698p	+3	$1.04	–	6.5
148p	26 1/4p	♥Breakwater Res.	31p		10c	–	14.2
17 1/4	954p	Can.Imp Bank‖	1198p	-3	$1.32	–	5.1
14	775p	Can. Pacific‖	883p	+3	92c	–	4.6
37	30	Do 4pc Deb £100	38		4%	–	10.8
531p	157p	♥Central Cap 'A'‖	221p	+8	60c	–	11.9
428p	179p	♥Cons TVX Min.	285p	+6		–	–
579p	208p	♥Corona Corp.	223p	+8		–	–
510p	268p	♥Derlan Inds.‖	273p	+4	28c	–	4.5
12 1/4	384p	♥Echo Bay Mines	463p	+34	7½c	–	0.8
355p	146p	♥ECD Corp‖	149p	-1		–	–
313p	95p	Gandalf Techs Inc	123p	-2		–	–
141p	53p	♥Granges Explr.‖	64p			–	–
866p	442p	♥Gulf Canada‖	475p	+5	52c	–	4.8
14	10p	♥Hawker Sid Can‖	10p	-1/8	$1.08	–	–
11 3/4	703p	♥Hudson's Bay‖	916p	+20	80c	–	3.8
34 1/2	25 1/4	♥Imperial Oil‖	26 1/4	+1/8	$1.80	–	3.0
17 1/2	11 1/4	Inco‖	13 1/4	+1/8	$1.00	–	3.9
113p	2 1/2p	♥Muscocho Expln.	3p	-1/2		–	–
200p	8p	♥Nth West Gold‖	11 1/2p	+1/8		–	–
462p	329p	♥Nova Corp of Alberta	382pxd		42c	–	4.9
12 1/4	701p	♥Rio Algom	808p	-11	85c	–	4.6
13 1/2	862p	♥Royal Bk. Can.‖	1034p	+3	$1.16	–	5.2
97 1/2p	10p	♥Sonora Gold Corp‖	11p	-1 1/2		–	–
351 1/2p	2p	♥Tara Pure Tech. Corp	3 1/2p			–	–
11	652p	♥Toronto-Dom. Bk‖	743p	-8	76c	–	4.5
923p	663p	♥Trans Can Pipe.	760p	+3	72c	–	4.2
200p	91p	♥Varity Corp‖	183p	-2	$1.30	–	–

Continued on next page

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LONDON SHARE SERVICE

BANKS, HP & LEASING

1990/91 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
£13¼	£9	ABN Amro F15..	£9½	...	Q28%	2.1	8.7	5.4
303	131	ANZ SA1	131	-2	Q38c	♦	11.2	♦
234	173	Abbey National 10p	229	-2	5.7	4.3	3.3	9.3
·274	128	Allied Irish Ord...	140	-3	†Q40%	3.3	6.4	6.3
85	47	Anglo Irish...	57	...	Q18.6%	2.3	7.3	7.5
93	60	Ansbacher (H.) 1p	60	...	2.5	1.3	5.6	17.3
£71½	£32½	Bancaire Cie Fr100	£43½	-⅝	hQ12¼%	–	3.0	–
£22¼	£12¾	Banco Bilbao Viz ...	£13¼	...	Q49.1%	2.7	6.0	9.1
£59½	£23¾	Banco de Santander	£23¾	-1¼	Q24.7%	2.5	4.3	9.5
286	130	Bank Ireland IrE1	152	-2	Q14.7%	2.9	8.7	5.3
£19½	£18	Bank Leumi	£19½	...	–	–	–	–
351	320	Bank Leumi (U.K.)	350	...	†15.0	–	5.7	–
129½	100	Bank Scotland...	117	...	†4.55	3.4	5.2	7.5
101¼	83¼	Do 9¼pc Irrd Pf...	96½	...	9¼%	–	12.8	–
54	39	Bank of Wales	42	...	2.8	0.8	8.9	(20.2)
428	290	Barclays £1...	352	-10	mh19.57	3.5	7.4	4.9
23	10	Benchmark 20p	12	...	0.75	–	8.3	–
335	205	Brown Shipley £1	205	...	‡12.0	2.2	‡	6.6
·435	385	Cater Allen £1..	389	...	F24.5	–	8.4	–
179	29	Chancery...	44	...	‡9.0	2.7	‡	1.8
£23¼	£14	Commerzbk DM10..	£15¾	...	Q18%	–	3.9	–
£13½	620	Dai Ichi K8k Y50	750	...	Q17%	6.2	0.5	35.4
£313	£18½	Deutsche Bk DM50	£206¾	-1	Q28%	–	2.3	–
£20¾	£14⅝	Espirito Santo ...	£16¼	-⅛	Q75c	5.1	2.3	8.4
253	166	First Nat. Fin. 10p	180	+1	13.0	2.1	9.6	6.2
121	82	FNFC 6.3pc Cv Pf.	88xd	...	6.3%	–	9.5	–
£13¼	633	Fuji Bank Y50	939	...	†Q17%	6.9	0.4	39.9
325	262	Gerrard & National	316	...	19.0	–	8.0	–
154	75	Guinness Mahon 10p	76	-1	1.45	♦	2.5	♦
328	194	Hambros 20p	234	-1	†11.5	–	6.6	–
128	88	Do 7.5pc Cv Pf	99	-1	7½%	–	10.1	–
53½	29	HK & Shang. HK$2.50	30½	-½	thQ38c	–	8.4	–
478	373	Joseph (Leo) £1.	378	...	15.85	–	5.6	–
150	105	King & Shaxson 20p	125	...	10.25	–	10.9	–
423	262	Kleinwort Benson Grp	274	-3	16.0	2.5	7.8	6.5
642	316	Kyowa Bank Y50	388	...	Q14%	♦	0.8	♦
316	220	Lloyds £1...	290	-6	†13.3	2.6	6.1	6.8
56	44	Lon. Scot. Bank 10p.	51	+2	†2.4	1.9	6.3	10.1

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS – Contd

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

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LONDON SHARE SERVICE

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MOTORS, AIRCRAFT TRADES – Contd

Components

1990/91 High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
458	420	Abbey Panels		459	.....	3.5	10.8	1.0	12.0
225	195	Airflow Streamlines	y	140	.....	6.0	3.0	5.7	7.8
190	145	Bostrom 5p	y	147	.....	†5.75	3.1	5.2	6.7
266	160	Dowty 50p	β	166	.....	†9.0	2.1	7.4	7.8
239	110	FR Group	β	115	.....	6.37	3.1	7.4	5.9
135	55	Kwik-Fit Hldgs. 10p	β	76	–2	†2.4	2.3	4.2	14.0
174	102	Lucas Inds.	α	143	–3	7.0	2.5	6.5	7.0
44	14	Do. Warrants	β	22½	.....		–	–	–
80	55	♣Mid-States 10p	y	55	.....	s20.75	–	1.8	46.1

Garages and Distributors

1990/91 High	Low	Stock		Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
28	15	Alexanders 10p	y	15	.....	1.0	3.0	8.9	4.5
135	78	Appleyard 10p	β	84	.....	†7.8	2.4	12.4	3.9
110	55	♣Bletchley Motor 20p	y	65	.....	†7.5	1.9	15.4	4.6
568	398	Caffyns 50p	β	400	.....	11.5	1.0	3.8	(34.5)
121	91	♣Central Motor Auctns.	y	91	.....	†3.25	3.2	4.8	8.7
61	23	♣Cook (D.C.) Hldgs.	y	23	.....	1.0	5.3	5.8	4.3
89	33	Cowie (T.) 5p	β	46	–1	4.2	1.5	12.2	6.4
95	56	Dagenham Motors 10p	y	78	.....	†5.25	2.8	9.0	5.4
98	73	Davenport Vernon 10p	y	75	.....	3.5	3.6	6.2	5.2
247	163	Evans Halshaw	β	168	.....	11.25	2.4	8.9	6.1
113	68	Gates (F.G.)	β	75	.....	2.75	1.9	4.9	14.1
161	25	Gowrings 10p	y	33	.....	5.63	1.0	22.7	5.7

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY – Contd

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

INVESTMENT TRUST

INVESTMENT TRUST – Contd

INVESTMENT TRUST – Contd

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

OIL AND GAS

OIL AND GAS – Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES – Contd

Tins

Miscellaneous

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

● "Tap Stock"
* Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
♦ Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
‡‡ Not officially listed.
# Price at time of suspension
¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
♦ Merger bid or reorganisation in progress
♣ Not comparable
♠ Same interim; reduced final and/or reduced earnings indicated
§ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock		Price	+ or –
Craig & Rose £1	y	700	.....
Finlay Pkg. 5p	y	36	–2
Holt (Jos) 25p	y	1305	.....

IRISH

Stock		Price	+ or –
Cap. 8½% Ln. 1991		£98¼	.....
9pc Cap Ln. 1996		£93	.....
Fin. 13% 97/02		£110¾	.....
Arnotts		160	.....
Carrol (P.J.)		154	.....
Helton Hldgs.	y	40	.....
IRG		135	.....
United Drug		138	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	6
Astec (BSR)	4½
BAT	46
BOC Grp	28
BTR	25
Barclays	38
Blue Circle	19
Boots	29
Bowaters	43
Brit Aerospace	45
British Steel	10½
Brit. Telecom	25
Cadburys	28
Charter Cons.	38
Comm Union	40
Courtaulds	28
Eurotunnel	35
FKI	5
FNFC	20
Gen Accident	41
GEC	15
Glaxo	68
Grand Met.	51
Guardian	17
GKN	27
Hanson	16
Hawker Sidd.	35
ICI	70
Ladbroke	22
Legal & Gen.	32
Lex Service	17
Lloyds Bank	24
Lucas Inds.	11
Marks & Spencer	19
Midland Bk.	16
Nat West Bk.	21
P & O Dfd.	44
Racal Elect.	16
RHM	23
Rank Org Ord.	52
Reed Intnl.	32
STC	19
Sears	7½
SmKl. Beecham A	41
TI	35
TSB	11
Tesco	19
Thorn EMI	55
Trust Houses	23
T&N	13
Unilever	52
Vickers	16
Wellcome	33

Property	
Brit Land	24
Control Secs.	3½
Land Securities	45
MEPC	38
Mountleigh	9

Oils	
Aviva Petlm.	3½
Brit Petroleum	27
Burmah Castrol	46
Conroy Petlm.	15
Gaelic Res.	1½
Premier	7
Shell	37
Tuskar Res.	2
Ultramar	29

Mines	
Lonrho	19
RTZ	48

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FT MANAGED FUNDS SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	39 92	40 32	42 89	-0.15	6.39
Gilts & Fixed Int	6	108 9	108 9xd	115 6	-0 1	9 95
High Inc Equity	6	115 2	118 6	126 1	-2.2	5.04
Worldwide Bond	6	191.2	191 2xd	202.7	-0 5	7.40
Capital Growth						
American Growth	6	151.3	151.3	161 8	-1.9	1.19
Asian Pacific	6	94 98	96 82	103 0	-1.2	0.19
Assets & Earnings	6	143 3	143 5xd	153 2	-3.7	3 54
Capital Reserve Acc	0	99.64	99.64	99 76	+0.04	7 16
Capital Reserve Inc	0	83.75	83.75	83.85	+0 03	7.16
Comdty & Energy	6	71.26	71.26	76.21	-0 76	1.30
1992 Enterprise	6	54 11	55 59	59.13	-0.2	3.60
Euro Capital Acc	6	81.16	81 16	86.80	-1 25	1.38
Euro Capital Inc	6	77.93	77 93	83 34	-1.2	1.38
General	6	148 40	148 4	158.7	-3 6	3 15
Japan	6	80 89	81 89	86.51	+0.03	0.00
Mastertrust	6	75 25	75 25	80.48	-1.10	3 19
UK Growth Acc	6	132.8	132.8	142.0	-6 9	3 10
UK Growth Dist	6	85 90	85 90	91 87	-4 48	3 10
US Emerging Cos	6	43 80	44 70	46.84	-0.75	0 00
Income & Growth	6	261.0	261.0xd	279 1	-6.9	3 67
Ethical	6	40.86	42.05	44 73	-0 13	2.24
International	6	50 20	50.20	53 68	-0.51	0.93
Dividend & Growth	6	40 61	41 72xd	44 38	-1.55	5 07

Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412262/3/4/5

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mngd P'folio Inc	6	69 96	71 62	76 27	+1.41	3 42
Mngd P'folio Acc	6	124 7	127 7	136 0	+2.60	–
UK General	6	101 5	101.5	108 1	-0.30	5.01
Conv & General	6	16 62	16 62xd	17 70	+0.11	9 91
European Inc	6	18 40	18 58	19 84	-0 06	0 57
European Acc	6	18 80	18 99	20 28	-0.06	–
Exempt	3	247.5	247 5	262 5	-0 80	4 99
Financial	6	102.4	102 4	109 1	-0 80	6 17
German	6	33.07	33.24	35 41	-0.18	0 11
High Income	6	59 18	59 18	63.03	-0.23	8 10
Income	6	83 64	87 72	92 98	-0 11	6 06
Intl Income	6	72.00	73 71xd	78 50	-0.37	4 91
Intl Growth ♣	6	22 67	22 67	24 14	+0 06	0 28
Monthly Income	6	47.31	49 30	52.15	+0 05	5 39
North American	6	52 88	52 88xd	56 32	+0 18	0.39
Orient ♣	6	84.55	84 55	90.05	-0 19	–
PEP	5	48 91	48 91	51 62	+0 10	5 02
Recovery	6	31 20	31.20xd	33.23	+0 14	2 90
Smaller Cos Acc	6	165 7	165 7	176 5	-0 10	–
Smaller Cos Inc	6	100 1	100 1	106 6	-0.10	2.79

Brycourt Unit Tst Mgmt Ltd (1400)F
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382

Income Growth	1	162.7	162.7	169.5	-2 1	6 96

Buckmaster Mangmt Co Ltd (1200)H
15 St Botolph Street, London EC3A 7JJ 071-247 4542

Emerging Gwth	5¼	43.78	43 78	46 41	-0 12	4 89
(Accum Units)	5¼	45.96	45 96	48 72	-0 12	4 89
Fellowship Tst ♥	5¼	49 04	49 89	53 08	+0 05	4 30
(Accum Units) ♥	5¼	52 09	52 99	56 38	+0 05	4 30
General Inc	5¼	237 4	237.4	251.6	-1 6	4 33
(Accum Units)	5¼	420 7	420.7	445.9	-2 8	4.33
Income	5¼	138.1	138.1	146 4	-0 4	5.19
(Accum Units)	5¼	286 6	286 6	303 8	-1 0	5.19
International ♥	5¼	80 47	80.47	85.30	-0 79	2.36
(Accum Units) ♥	5¼	111.2	111.2	117.9	-1 0	2.36

Confederation Funds Mngt Ltd
Lytton Way, Stevenage, Herts SG1 2NN

	Init Chrge	Canc. Price	Bid Price
Growth Fund	6	35 44	35 44xd
High Income	6	22.69	22 69
Japan	6	20 00	20 00
Property Shares	6	22.69	22.69
Smaller Cos	6	17 11	17 11xd
Canadian Exempt	3	41 13	42 41
European Exempt	3	47 06	48 00
Pacific Exempt	3	33 68	34 04
US Exempt	3	39 25	39 88
North American	6	17 84	17 84
European	6	20 06	20 06xd

Consistent Unit Tst Mngt Co
1 White Hart Yd, London Bridge, SE1

Consistent UT	5	24 40	24 40

Co-op Pension Fds UT Mgrs
78-80 Cornhill, London EC3V 3NJ

Equity Dist Dec 31	0	586 4	586 4
Equity Acc Dec 17	0	1265.8	1265 8

Cornhill Unit Trust Mngrs Ltd
PO Box 136, Beckenham Kent BR3 4

UK Equity Inc	6	42.39	43 30
UK Equity Acc	6	48 09	49 12
International Inc	6	52 11	52 95
International Acc	6	54.79	55 67
Property Sh Inc	6	21 15	21 15
Property Sh Acc	6	23 28	23 28
Gilt & Fixed Int Inc	6	36 51	36 77
Gilt & Fixed Int Acc	6	42 71	43 01
High Income	5	38 87	39 31
High Income Acc	5	44 83	45 34

Crown Unit Tst Services Ltd
Crown House, Woking GU21 1XW

American	6	96 65	96 95
Canadian Gwth	6	20 24	20 24

Martin Currie Unit Trusts Ltd (0905)H
48 Melville St, Edinburgh EH3 7HF Dlng 031-220 4924

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Far East (Pacific)	5¼	75 39	75 39	80 03	-2 14	0 53
Income & Growth	5¼	51 78	52 81	56.06	-0.21	5 73
European (z)	5¼	48 99	49.32	52 35	-0 48	1 12
Nth American (z)	5¼	30 19	30.19	32.04	-0.6	1 64
Intl Growth(4-1)	5¼	49 80	50.88	54 01	-0.33	0 93
UK Growth	5¼	45 67	45 67	48 48	-1.37	3 57
Intl Income	5¼	41 13	41 69xd	44 25	-0.21	7 34
High Yield	5¼	39.73	40 34xd	42 82	-0 99	8 59
Charities	5¼	79 50	80.72	85.69	-0.33	7 13
Japan	5¼	32 40	32 40	34 39	-0.47	–

Matheson Unit Trust Managers Ltd (1200)H
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 261010

UK Growth (4-1)	6	57 87	59.56	63.36	-0.38	3 90
UK High Income	6	30.26	30 97	32.95	-0 14	6 13

NM Unit Trust Mngrs (1200)H
The Bilton Centre, North Harbour, Portsmouth
Enquiries 0705 372222 Dealing: 0705 387730

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American ♥	5¼	25 21	25.30xd	26.98	-0.09	1.89
(Accum Units) ♥	5¼	26 98	27 07	28.87	-0.10	1.89
Australian ♥	5¼	136.1	136.7	145.6	+0.40	2.46
(Accum Units) ♥	5¼	153 8	154 5	165.7	+0.40	2.46
Conscience	5¼	42.12	43.09xd	45.98	-0.09	1.70
(Accum Units)	5¼	44.19	45.20	48 23	-0.10	1.70
European	5¼	126.8	128.2	136.7	-1.00	1.12
(Accum Units)	5¼	133 8	135.3	144 3	-1.00	1.12
Extra Income	5¼	56 48	57.48	61.34	-0.71	9.96
(Accum Units)	5¼	75 72	77 05	82.23	-0.94	9.96
Far East Gth Acc ♥	5¼	90.50	91.93	98.26	-0.89	0.32
Gilt & F I	5¼	50.69	50.69	53.65	+0.08	9.34
(Accum Units)	5¼	103.1	103.1	109.1	+0.20	9.34

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

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FT MANAGED FUNDS SERVICE

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TSB Unit Trusts (1200)H

Charlton Pl, Andover, Hants SP10 1RE 0264 346794

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB American	6	106.77	107.56	114.42	+0.19	0.77
Do Accum	6	116.71	117.56	125.06	+0.2	0.77
TSB Brit Growth	6	63.3	64.3	68.4	-0.43	4.0
Do Accum	6	69.98	71.1	75.63	-0.46	4.0
TSB European	6	63.9	64.35	68.45	-0.44	1.28
Do Accum	6	66.22	66.69	70.94	-0.45	1.28
TSB Extra Income	6	138.61	141.88	150.93	-0.68	6.21
Do Accum	6	196.04	200.67	213.47	-0.95	6.21
TSB Smaller Cos	6	37.72	39.49	42.01	-0.02	3.29
Do Accum	6	39.55	41.41	44.05	-0.03	3.29
TSB General	6	194.3	197.72	210.34	-1.35	4.22
Do Accum	6	356.21	362.48	385.61	-2.49	4.22
TSB Premier Income	5	41.36	41.98	43.72	-0.15	9.52
Do Accum	5	72.73	73.81	76.88	-0.27	9.52
TSB Income	6	255.97	261.27	277.94	-1.77	5.88
Do Accum	6	475.84	485.7	516.7	-3.29	5.88
TSB Pacific	6	186.25	189.71	201.81	-1.37	0.39
Do Accum	6	193.77	197.4	209.99	-1.42	0.39
TSB International	6	321.87	324.88	345.61	-1	1.47
Do Accum	6	412.86	416.72	443.31	-1.29	1.47
TSB Nat. Resources	6	54.72	55.95	59.52	+0.1	1.34
Do Accum	6	59.36	60.7	64.57	+0.1	1.34
TSB Sictd Opps	6	67.97	69.7	74.14	-0.32	3.96
Do Accum	6	81.12	83.19	88.49	-0.38	3.96
Environmental Inv	6	39.67	40.43	43.01	-0.27	2.57
Do Accum	6	40.58	41.36	43.99	-0.28	2.57
TSB Selector	6	41.34	42.2	44.89	-0.23	4.67
Do Accum	6	42.6	43.48	46.25	-0.24	4.67
TSB High Income	6	43.67	44.27	47.09	-0.18	6.69
Do Accum	6	44.96	45.58	48.48	-0.19	6.69
TSB Intl Income	6	47.14	47.31	50.32	-0.11	7.06
Do Accum	6	47.25	47.41	50.43	(z)	7.06
TSB Selector Income	6	44.71	45.25	48.13	(z)	6.86
Do Accum	6	44.71	45.25	48.13	(z)	6.86

Target Trust Mngrs Ltd (1600)F

Templeton Unit Trust Managers Ltd (1200)F

Thornhill Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1000)F

Three Counties Asset Mngmt Ltd (1430)F

Timberlake Trust Mngrs Ltd (0900)F

Touche Remnant Unit Tst Mngt Ltd (1600)F

Trades Union Unit Tst Managers (1200)H

Triton Fd Mngrs. Ltd. (1000)H

United Charities Unit Trust (1000)H

Wardley Unit Tst Mngrs Ltd (1000)F

Waverley Unit Tst Mngmt Ltd (1000)F

Wessex Asset Management (1530)F

Whittingdale Unit Tst Mngrs Ltd

Willow Financial Services Ltd (0900)F

Wright Seligman Fund Mngrs Ltd (1700)F

The Yorkshire Unit Tst Mngrs Ltd (1100)F

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England

Charibond/Charishares (1000)F

CAFINVEST—Charities Aid Foundation

COIF—Charities Official Inv Fdts

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Robert Fleming Asset Mngmt Ltd

Funds in Court

Henderson Unit Trust Management Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd

Local Authorities Mutual Invest. Trt.

M & G Securities Ltd

MIM Ltd

Morgan Grenfell Unit Trust Managers Ltd

Murray Johnstone UT Mngmt

Phillips & Drew Fund Management Ltd

NM Rothschild Asset Management Ltd

J. Rothschild Fund Managers Ltd

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

Touche Remnant Unit Tst Mngt Ltd

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Acorn Life Assurance Co Ltd

AEtna Life Insurance Co Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

Allied Dunbar Assurance Plc—Contd.

Ambassador Life Assce. Co Ltd

American Life Insurance Co UK

Avon Insurance Plc

Barclays Life Assur. Co Ltd

Black Horse Life Ass. Co Ltd

Britannia Life Ltd

CCL Assurance Ltd

Canada Life Group

Cannon Assurance Ltd

Century Life Plc

Citicorp British National

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Clerical Medical Investments Group

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Combined Life Assurance Co

Commercial Union Group

Cornhill Insurance PLC

Crown Financial Management Ltd

Crusader Insurance Plc

Eagle Star Life Assur. Soc. Ltd

Eagle Star Insur./Midland Assur.

Economic Insurance Company Ltd

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident

General Portfolio Life Insce Plc

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Guardian Royal Exchange—Contd.

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Interlife Assurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Assicurazioni GENERALI SpA

Legal & General (Unit Assur) Ltd

Legal & General (Unit Pensions) Ltd

Liberty Life Assurance Co Ltd

The Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Life and M & G Pensions

MGM Assurance

Manchester Unity Assurance

ManuLife Group PLC

Merchant Investors Assurance Co Ltd

Merchant Investors Assurance Co Ltd – Contd.

Mercury Life Assurance Co Ltd

Midland Life Limited

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

NM Life Assurance

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	89 8	94 6	-0.3	-
Pension Managed Fd	85 7	90 2	-0.4	-
Life Deposit Fd	103 4	108 8	+0 1	-
Pension Deposit Fd.	106.9	112 5	+0 1	-

National Financial Management Corp PLC
72 Gatehouse Rd. Aylesbury. HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	100 4	105.7	...	-
Managed Growth	122 4	128 9	...	-
Managed Opportunity	117 6	123 8	...	-
NFMC Target Financial	88.7	93 4	...	-
Pension Funds				
Managed Cautionary	106 1	111 7	...	-
Managed Growth	125.1	131 7	...	-
Managed Opportunity	119	125.3	...	-
NFMC Target Mngd Pen	1337 9	1408.4	...	-

National Mutual Life
The Priory, Priory Pk, Hitchin. SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	141.5	149.0	-0 5	-
UK Equity	147.3	155.1	+0 2	-
Overseas Equity	112.2	118.2	-2.3	-
Fixed Interest	133 6	140.7	-0.3	-
Property	126.8	133.5	-0.1	-
Index Linked	143 1	150 7	-0 2	-
Deposit	148 3	156 2	+0.3	-
With Profits (B)	124.5	131 1	+0 2	-

Property Equity & Life Ass. Co
Baxter Ave, Southend SS2 6QH 0702 333433

	Bid Price	Offer Price	+ or -	Yield Gross
Int Man Pension Fd	149.1	156 9	...	-
Int. Man.Crncy.Bd.Fd		144 8	...	-
Int Man Crncy Bd Fd(2)		131.3	...	-
Flexible Prop Bd. Fd		201.3	...	-
Flexible Money Bd. Fd		366.4	...	-
Special Man Inc. Fd.		133 5	...	-

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	139 0	147 0	...	-
Accum Equity	196.0	207.0	...	-
Accum Managed	199.0	210 0	...	-
Accum Five Star	150.0	158.5	...	-
Accum World	107.5	113.5	...	-
Accum Lifetime	101.4	101.4	...	-
Pens Acc Equity	205.5	217 0	...	-
Pens Acc Managed	236 0	249 0	...	-
Pens Acc Intl	167.5	177 0	...	-
Pens Acc Deposit	188.5	199.0	...	-
Pens Acc Five Star	158.5	167 0	...	-

Providence Capital Life Asse. Co Ltd
2 Bartley Way. Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc.	195.9	206 7	-0 8	-
UK Fixed Int Acc.	165.1	174.2	-0.1	-
Intl Equities Acc.	149.4	157.6	-1.0	-
UK Managed Acc.	155.1	163.6	-0 6	-
	223.7	236.0	+0 1	-

[illegible]

Royal Heritage Life Assurance Ltd
20 Clifton St, EC2A 4HX

Multi Gwth. · Multi Gwth "A" · Op Prop. · Op Equity · Op High Yld · Op Man. · Op Dep. · Op Inc Dist. · Op Itn Man. · Op Emerging Co's · Pension Funds · Property Ser B · Equity Ser B · Fixed Interest Ser B · Managed Ser B · Deposit Ser B · Property Ser D · Equity Ser D · Fixed Interest Ser D · Managed Ser D · Deposit Ser D · Beckman Pension Fund · Suffolk Cap. Pen Fd. · IMC Pen SB Ser B · Pension Unit Trust Fd · Gartmore Global Ser B · Gartmore NA Ser B · Gartmore Pacific Ser B · Henderson Acc Ser B · Perpetual Mng Ser B · Framlington Mn Ser B · Gartmore Mngd Ser B · Gartmore Euro Ser B · Gartmore Global Ser D · Gartmore NA Ser D · Gartmore Pacific Ser D · Henderson Acc Ser D [illegible]

[illegible]

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

[illegible]

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JERSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Prime cuts depress dollar

THE DOLLAR weakened after several large US banks announced a cut in prime lending rates by ½ point to 9½ per cent. The reduction followed the recent easing of the Federal Reserves monetary stance, and is a further indication of the weak state of the US economy.

This weakness was highlighted again yesterday by news that the National Association of Purchasing Managers (NAPM) index fell in November to 40.4 from 41.3. This was the sixth consecutive monthly decline, taking the figure to its lowest level since the bottom of the last recession in November 1982. A reading below 50 per cent indicates that the manufacturing sector of the economy is generally declining.

According to NAPM its index averaged 41.7 per cent in the fourth quarter of last year, indicating a fall in gross national product growth.

On the other hand the threat of war in the Gulf provided underlying support for the dollar, in a sluggish market yet to return to its full trading volume after the end of year holiday period. The closure of Japanese markets until tomorrow contributed to a general lack of activity.

At the London close the dollar had fallen to DM1.4900 from DM1.4950; to Y134.50 from Y134.65; to SFr1.2620 from SFr1.2750; and to FFr5.0725 from FFr5.0875. On Bank of England figures the dollar's index declined to 61.1 from 61.4.

Sterling was helped by interest rate trends. Wholesale rates were firmer in London after Mr Norman Lamont, UK chancellor of the exchequer, indicated that the overriding influence on rate movements will be sterling's position in the European Monetary System. He also ruled out any change in the pound's central rate against the D-Mark or an early move to the narrow band of fluctuation within the EMS exchange rate mechanism.

This assertion, coupled with the cut in US prime rates and expectations that the German Bundesbank will leave its credit policies unchanged at today's council meeting .... provided support for the pound. Sterling rose 1.25 cents to $1.9425. It also improved to DM2.8950 from DM2.8850 and to FFr9.8525 from FFr9.8200, but eased to SFr2.4525 from SFr2.4600 and to Y261.25 from Y261.75. The pound's index gained 0.1 to 93.8.

Within the ERM sterling remained the weakest currency, but improved slightly. Dealers noted that the D-Mark did not gain any significant benefit over its ERM partners from lower US rates. It was suggested that fear of instability in the Soviet Union is weighing on the D-Mark.

In Milan the D-Mark fell to L753.70 from L754.40 at the fixing, without any intervention from the Bank of Italy. At the Paris fixing the D-Mark was set little changed at FFr3.4022 compared with FFr3.4025 at the previous fix last Friday.

£ IN NEW YORK

Jan.2	Latest	Previous Close
£ Spot	1.9410-1.9420	1.9320-1.9330
1 month	1.10-1.08pm	1.12-1.09pm
3 months	3.04-3.00pm	5.03-4.97pm
12 months	9.45-9.35pm	8.60-8.45pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jan 2	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	130.389	-2.43	3.86	42
D-Mark	2.05586	2.04372	-0.59	1.94	40
Belgian Franc	42.4032	42.1944	-0.49	1.84	26
Dutch Guilder	2.31643	2.30567	-0.46	1.81	25
Italian Lira	1538.24	1539.95	0.11	1.22	-4
Irish Punt	0.767417	0.768315	0.12	1.22	-3
Danish Krone	7.84195	7.87374	0.41	0.93	-17
French Franc	6.89509	6.95237	0.83	0.50	-43
Sterling	0.696904	0.706217	1.34	0.00	-26

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu, a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Jan 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9270 - 1.9460	1.9420 - 1.9430	1.11-1.09cpm	6.80	3.03-3.00pm	6.21
Canada	2.2425 - 2.2510	2.2460 - 2.2470	0.61-0.52cpm	3.02	1.52-1.38pm	2.58
Netherlands	3.2545 - 3.2725	3.2625 - 3.2725	1½-1¼cpm	5.05	3⅝-3⅜pm	4.28
Belgium	59.40 - 59.90	59.80 - 59.90	25-19cpm	4.41	62-52pm	3.81
Denmark	11.1065 - 11.1800	11.1700 - 11.1800	3¾-3⅜orepm	3.83	9¾-8¼pm	3.20
Ireland	1.0820 - 1.0925	1.0880 - 1.0890	0.33-0.25ppm	3.2	0.74-0.59pm	2.44
Germany	2.8875 - 2.8975	2.8925 - 2.8975	1⅜-1¼pfpm	5.18	3¼-3pm	4.32
Portugal	255.60 - 258.95	257.45 - 258.45	128-66cpm	4.98	110-31pm	1.09
Spain	183.75 - 184.90	184.20 - 184.50	4-14cdis	-0.59	26-45dis	-0.77
Italy	2174.90 - 2182.00	2179.00 - 2180.00	6-3lirepm	2.48	11-7pm	1.65
Norway	11.3120 - 11.3875	11.3775 - 11.3875	3⅛-2⅝orepm	3.03	6⅝-6pm	2.22
France	9.8260 - 9.8575	9.8475 - 9.8575	3⅝-3⅛cpm	4.26	9-8½pm	3.55
Sweden	10.8415 - 10.9075	10.8975 - 10.9075	½-¼orepm	0.34	par-½dis	-0.09
Japan	260.20 - 262.60	260.75 - 261.75	1⅜-1¼ypm	6.03	3¼-3⅝pm	5.65
Austria	20.28 - 20.37	20.28 - 20.31	9⅛-7¾gropm	4.99	23½-20¼pm	4.30
Switzerland	2.4455 - 2.4575	2.4475 - 2.4575	1¼-1⅛cpm	5.81	3⅛-2⅞pm	4.89
Ecu	1.4070 - 1.4105	1.4075 - 1.4100	0.48-0.44cpm	3.92	1.92-1.83pm	5.32

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.50-5.45cpm. 12 Month 9.50-9.40cpm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Jan 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9270 - 1.9460	1.9420 - 1.9430	1.11-1.09cpm	6.80	3.03-3.00pm	6.21
Ireland†	1.7770 - 1.7890	1.7835 - 1.7845	0.52-0.47cpm	3.33	1.67-1.57pm	3.63
Canada	1.1565 - 1.1600	1.1570 - 1.1580	0.35-0.38cdis	-3.78	1.04-1.09dis	-3.68
Netherlands	1.6745 - 1.6910	1.6810 - 1.6820	0.23-0.26cdis	-1.75	0.72-0.76dis	-1.76
Belgium	30.65 - 31.00	30.75 - 30.85	5.00-8.00cdis	-2.53	15.00-21.00dis	-2.34
Denmark	5.7325 - 5.7850	5.7500 - 5.7550	1.30-1.50oredis	-2.92	3.95-4.55dis	-2.96
Germany	1.4835 - 1.4990	1.4895 - 1.4905	0.18-0.20pfdis	-1.53	0.66-0.69dis	-1.81
Portugal	132.70 - 133.10	132.95 - 133.05	10-30cdis	-1.80	150-190dis	-5.11
Spain	94.70 - 95.65	95.20 - 95.30	54-59cdis	-7.12	162-175dis	-7.08
Italy	1119.00 - 1129.50	1121.75 - 1122.25	3.50-4.20liredis	-4.12	12.20-13.50dis	-4.58
Norway	5.8325 - 5.8800	5.8575 - 5.8625	1.70-1.95oredis	-3.74	5.60-6.00dis	-3.96
France	5.0500 - 5.1000	5.0700 - 5.0750	1.00-1.05cdis	-2.42	3.32-3.42dis	-2.66
Sweden	5.5900 - 5.6335	5.6100 - 5.6150	2.90-3.05oredis	-6.36	8.60-9.00dis	-6.27
Japan	135.75 - 136.15	134.45 - 134.55	0.05-0.08ydis	-0.58	0.19-0.22dis	-0.61
Austria	10.4650 - 10.5450	10.4875 - 10.4925	1.70-3.00grodis	-2.69	4.20-6.20dis	-1.98
Switzerland	1.2570 - 1.2775	1.2615 - 1.2625	0.11-0.15cdis	-1.24	0.37-0.43dis	-1.27
Ecu†	1.3750 - 1.3775	1.3750 - 1.3760	0.34-0.32cpm	2.88	1.06-1.04pm	3.05

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Jan 2	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	14¼ - 14	14¼ - 14⅛	14⅛ - 14	13⅞ - 13¾	12⅞ - 12¾

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

Short sterling falls

INTEREST RATES were firmer and prices of short sterling futures weakened after Mr Norman Lamont, UK chancellor of the Exchequer, warned that interest rates will be set at a level consistent with Britain's obligations within the EMS exchange rate mechanism.

The pound remained at the bottom of the ERM yesterday, but had a slightly firmer tone following Mr Lamont's remarks in an interview with the *Financial Times*.

On the cash market three-month sterling interbank firmed to 14⅛-14 per cent from 14$\frac{1}{16}$-14. On Liffe March short sterling opened lower at 87.51 and quickly fell through technical support at 87.48. A sharp rise in prices last October, about the time of the last base rate cut, has left the contract without further strong support until the 87.20 level, and yesterday's fall took the price down to a low of 87.18, before it recovered slightly to close at 87.21 compared with 87.53.

The Bank of England initially forecast a money market credit shortage of £600m. This was revised to £550m at noon and to £600m again in the afternoon.

Total help of £554m was provided. Before lunch the authorities bought £360m bills outright, by way of £10m bank bills in band 1 at 13⅞ per cent and £350m bank bills in band 2 at 13¾ per cent. In the afternoon another £194m bills were purchased, via £6m bank bills in band 1 at 13⅞ per cent, £15m local authority bills in band 2 at 13¾ per cent and £173m bank bills in band 2 at 13¾ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £609m, with bank balances below target absorbing £130m. These outweighed exchequer transactions adding £70m to liquidity and a fall in the note circulation of £80m.

In Paris the Bank of France left its money market intervention rate at 9¼ per cent when injecting funds at a securities repurchase tender.

In Amsterdam the Dutch Central Bank added liquidity to the money market, via five-day special advances, at an unchanged 8.90 per cent.

In Frankfurt call money was steady at 8.45 per cent, ahead of today's meeting of the Bundesbank council. Despite recent speculation about higher German rates the market does not expect a move today.

UK clearing bank base lending rate 14 per cent from October 8, 1990

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan 2) 3 months US dollars		6 months US Dollars	
bid 7$\frac{7}{16}$	offer 7$\frac{9}{16}$	bid 7⅜	offer 7½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10
Broker loan rate	9
Fed funds	7⅛
Fed funds at intervention	7$\frac{1}{16}$

Treasury Bills and Bonds

One month	5.49	Three year	7.30
Two month	6.60	Four year	7.53
Three month	6.67	Five year	7.61
Six month	6.75	Seven year	7.92
One year	6.78	10-year	8.00
Two year	7.10	30-year	8.18

Jan 2	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.40-8.50	8.90-9.05	9.00-9.15	9.05-9.20	9.20-9.35	8.50
Paris	9⅜-9⅝	9⅜-9⅝	-	10-10⅛	-	9.25
Zurich	7⅞-8⅛	8⅝-8⅞	-	8⅝-8⅞	-	-
Amsterdam	9.37-9.50	9.25-9.32	-	9.35-9.43	-	-
Tokyo	8¼-8⅜	8⅛-8¼	-	8-8⅛	-	-
Milan	-	13⅞-13⅞	-	13⅜-13⅝	-	-
Brussels	8.35	10-10⅛	-	10-10⅛	-	-
Dublin	9⅝-9⅞	11-11⅛	11⅛-11⅜	11⅛-11⅜	11⅛-11⅜	-

LONDON MONEY RATES

Jan 2	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	14¼	14¼	14¼	14⅛	13⅞	13
Interbank Bid	13	14⅛	14⅛	14	13¾	12⅞
Sterling CDs	-	-	14¼	14⅛	13⅞	12⅞
Local Authority Deps.	14⅛	14⅛	14⅛	14⅛	13⅞	12⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	14	14	13⅞	13⅞	-	-
Company Deposits	-	-	14⅛	14⅛	13½	12⅞
Finance House Deposits	-	-	14⅛	14	13½	12⅞
Treasury Bills (Buy)	-	-	13⅞	13⅞	-	-
Bank Bills (Buy)	-	-	13¾	13⅞	12⅞	-
Fine Trade Bills (Buy)	-	-	14⅜	14⅛	13⅛	-
Dollar CDs	-	-	7.53	7.45	7.45	7.47
SDR Linked Dep. Offer	-	-	9¼	9⅛	9	9
SDR Linked Dep. Bid	-	-	9⅛	8⅞	8⅞	8⅞
ECU Linked Dep. Offer	-	-	10⅜	10½	10⅝	10½
ECU Linked Dep. Bid	-	-	10⅜	10⅜	10½	10⅜

Treasury Bills (sell): one-month 13$\frac{13}{16}$ per cent; three months 13$\frac{11}{16}$ per cent; six months 12⅞ per cent; Bank Bills (sell): one-month 13¾ per cent; three months 13⅝ per cent; Treasury Bills; Average tender rate of discount 13.0581 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day December 31, 1990. Agreed rates for period Jan 26, 1990 to Feb 25, 1991, Scheme I: 14.54 p.c., Schemes II & III: 15.09 p.c. Reference rate for period Dec 1, 1990 to Dec 31, 1990, Scheme IV&V: 13.843 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 14 from December 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 11½ per cent; Under £100,000 10½ per cent from Oct 8, 1989. Deposits withdrawn for cash 5 per cent.

FINANCIAL FUTURES AND OPTIONS

CAC-40 FUTURES (MATIF) Stock Index

	Open	Close	Change	High	Low	Open Int.
January	1512.0	1520.0	-	1524.0	1493.0	6,307
February	1518.0	1518.0	-12.0	1518.0	1511.0	149
March	1528.0	1523.0	-17.0	1528.0	1523.0	210
June	-	-	-	-	-	0

Estimated volume 3,272 Total Open Interest 6,666

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.9425	1.9315	1.9124	1.8878	1.8480

IMM-STERLING $ per £

	Latest	High	Low	Prev.
Mar	1.9166	1.9184	1.9140	1.9094
Jun	1.8900	1.8930	1.8880	1.8860
Sep	-	1.8720	-	1.8660

BASE LENDING RATES

	%		%		%
ABN Bank	14	Co-operative Bank	*14	Nat Bk. of Kuwait	15
Adam & Company	14	Coutts & Co	14	NatWestminster	14
Allied Trust Bank	14	Cyprus Popular Bk	14	Northern Bank Ltd	14
AIB Bank	14	Dunbar Bank PLC	14	Nykredit Mortgage Bank	14½
● Henry Ansbacher	14	Duncan Lawrie	14	Provincial Bank PLC	15
Associates Cap Corp	15½	Equatorial Bank plc	14	Roxburghe Bank Ltd.	14½
● B & C Merchant Bank	14	Exeter Bank Limited	14½	Royal Bk of Scotland	14
Bank of Baroda	14	Financial & Gen. Bank	14	Royal Trust Bank	14
Banco Bilbao Vizcaya	14	First National Bank Plc.	16	● Smith & Williamson Secs.	14
Bank Credit & Comm	14	● Robert Fleming & Co.	14	Standard Chartered	14
Bank of Cyprus	14	Robert Fraser & Ptnrs.	14½	TSB	14
Bank of Ireland	14	Girobank	14	Unibank plc	14
Bank of India	14	● Guinness Mahon	14	● United Bk of Kuwait	14
Bank of Scotland	14	● Hambros Bank	14	United Mizrahi Bank	14
Banque Belge Ltd	14	Hampshire Trust Plc	14½	Unity Trust Bank Plc	14
Barclays Bank	14	Heritable & Gen Inv Bnk.	14	Western Trust	14
Benchmark Bank	14	● Hill Samuel	14	Westpac Bank Corp.	14
Brit Bk of Mid East	14	C. Hoare & Co.	14	Whiteaway Laidlaw	14
● Brown Shipley	14	Hongkong & Shangh	14	Yorkshire Bank	14
CL Bank Nederland	14	● Leopold Joseph & Sons	14		
● Charterhouse Bank	14	Lloyds Bank	14		
Citibank NA	14	Meghraj Bank Ltd	14		
City Merchants Bank	14	McDonnell Douglas Bnk.	14		
Clydesdale Bank	14	Midland Bank	14		
Comm.Bk.of London Plc	14	Mount Banking	14		

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MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,432 Set by VIXEN

ACROSS

1 Colours – as usual (8)
5 Belief in the cashless society? (6)
9 Grit. This is the making of a Tory! (8)
10 She is on after almost everyone (6)
12 The meeting's about over by the way (9)
13 There may be few (5)
14 A little aged gentleman displaying a certain irritability (4)
16 Side-view for the record (7)
19 The trade tariff affected a large number (7)
21 A service body (4)
24 Post back with little hesitation (5)
25 To question the head shows good sense (9)
27 Georgia and Lena together giving lead (6)
28 Favour the man pressing a suit (8)
29 Married guys having plenty of muscle? (6)
30 Search for gold perhaps with some chance of success (8)

DOWN

1 Made a hit, so decided to stop working (6)
2 Silver for garnet setting (6)
3 One teetotaller in the party wanted the same again (5)
4 Book an extra player (7)
6 Family accounts (9)
7 Abstracted, which is characteristic of the underworld (8)
8 Offered to care for wild deer (8)
11 Bound to provide grassland parking (4)
15 Respect shown by guard surrounding Her Majesty (9)
17 Neat and honest (8)
18 Sweet over unkind note (8)
20 Firm call for silence that has a stunning effect (4)
21 Many a junior is idle (7)
22 Censure a worker accommodating a renegade (6)
23 A quarter-cent rise (6)
26 The waste is very great among medicos (5)

Solution to Puzzle No.7,431

FAGGOT SRILANKA / LENDER THINKERS / TYROLEAN MUSLIM / PLUM LASTOUT / NOWHERE FREE / FLESHY BEANPOLE / CONCERTO GROSSO / TOBESEEN SKINNY

مكتبة الأمل

WORLD STOCK MARKETS

AUSTRIA

January 2	Sch	+ or –
Austrian Airlines	2,556	–284
Creditanstalt	3,000	–290
Erste Allgemeine	19,000	.....
Jungbunzlauer	7,500	–500
Laenderbank	1,370	.....
OeMV	8,200	–300
Perlmooser	1,370	–30
Radex	671	–54
Reininghaus	1,620	–31
Steyr-Daimler	169	.....
Veitscher Mag	595	–30
Verbund (Br) A	445	–15
Wienerberger	4,800	–100

BELGIUM/LUXEMBOURG

January 2	Frs.	+ or –
ACEC-Union Min	2,500	–85
Arbed	2,955	–25
B.B.L.	2,400	–10
Bank Intl. a Lux	13,000	.....
Banque Gen. Du. Lux	13,000	.....
Barco	1,116	–6
Bekaert	7,370	–70
Ciment CBR	5,630	–60
Cobepa	4,800	+100
Do. AFV 1	4,850	+50
Cockerill	144	+1
Colruyt	2,655	–10
Delhaize	5,810	–90
Electrabel	4,310	–15
Do. AFV 1	4,210	–5
Electrafina	6,150	+20
Fabrique Nat.	150	+47
GIB Group	1,076	+6
Do. AFV	1,082	–8
GBL (Brux)	3,285	–75
Do. AFV 1	3,120	–130
Gechem	650	.....
Do. AFV	662	.....
Generale Bank	4,100	–65
Do. AFV 1	4,500	+45
Gevaert	6,450	–200
Kredietbank	3,400	+5

FRANCE (continued)

January 2	Frs.	+ or –
Beghin-Say	585	–15
Do Certs	580	–3
Bongrain	2,250	.....
Bouygues	414	–35
CFAO	380	–40
CGIP	782	–14
CMB Packaging	96	–0.9
Canal+	815	–8
Carrefour	3,265	–15
Casino	122	–1.8
Cetelem	465	–2
Chargeurs	638	–14
Ciments Fr.	900	–15
Club Mediterranee	445	+3.9
Coglfi	375	.....
Coparex	578	.....
CCF	152	–3
Cred Foncier Fr	834	–20
Cred Lyons (CI)	544	–17
Credit National	927	–32
Damart	1,744	.....
Docks de France	3,800	–55
Dollfus-Mieg	288	–7.9
Eaux (Cie Gen)	2,143	+23
Ecco	264.9	–10.1
Elf-Aquitaine	278.5	–5.8
Do. Certs	209	–1.5
Epeda-Bertrand	874	–26
Essilor	302	+1
Etex	1,380	–22
Eurafrance	1,291	–18
Eurocom	674	+23
Euro Disneyland	92.4	–0.65
Euromarche	3,190	–8
Exor	1,119	–11
Finextel	132.1	–2.9
Fonciere Lyonn	760	–30
Fromageries	1,935	–113
GTM-Entrepose	303.9	–1.1
Gaumont (Soc N)	909	–28
Gen Geophysique	800	–55
Gen. Occidentale	620	+6
Hachette	152.5	+2.2
Havas	425.5	.....
Imetal	204.3	–3.2

INDICES

NEW YORK

DOW JONES	Dec. 31	Dec. 28	Dec. 27	Dec. 26	1990/1 HIGH	1990/1 LOW	Since compilation HIGH	Since compilation LOW
φIndustrials	2633.66	2629.21	2625.50	2637.13	2999.75 (16/7/90)	2365.10 (11/10/90)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	91.57	91.60	91.54	91.40	93.04 (3/1/90)	88.44 (24/9/90)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	910.23	911.54	913.42	922.23	1212.77 (6/6/90)	821.93 (17/10/90)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	209.70	210.07	210.45	211.33	236.23 (2/1/90)	190.96 (24/8/90)	236.23 (2/1/90)	10.50 (8/4/32)

φDay's High 2641.09 (2639.11) Low 2611.14 (2607.92)

STANDARD AND POOR'S

	Dec. 31	Dec. 28	Dec. 27	Dec. 26	1990/1 HIGH	1990/1 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	330.22	328.72	328.29	330.85	368.95 (16/7/90)	295.46 (11/10/90)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials	387.42	385.26	384.38	387.09	437.37 (16/7/90)	346.86 (11/10/90)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	23.43	23.36	23.47	23.88	31.87 (3/1/90)	18.80 (29/10/90)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	180.49	179.65	179.48	180.60	201.13 (16/7/90)	162.20 (11/10/90)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	308.11	304.65	303.67	304.99	382.45 (5/1/90)	288.07 (30/10/90)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	373.84	371.20	371.05	372.40	469.60 (16/7/90)	325.44 (16/10/90)	485.73 (9/10/89)	54.87 (31/10/72)

	Dec. 28	Dec. 21	Dec. 14	year ago (approx.)
Dow Industrial Div. Yield	3.92	3.92	3.97	3.87

	Dec. 26	Dec. 19	Dec. 12	year ago (approx.)
S & P Industrial div. yield	3.31	3.32	3.31	2.90
S & P Indl P/E ratio	15.92	15.88	15.89	14.51

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
Oxy Petr	1,704,600	18⅜	- ⅜
Mesa	1,475,300	3	+ ¼
Citicorp	1,471,500	12⅜	- ⅛
Navistar	1,142,800	2¼	+ ⅛
Bank N.Eng.	1,052,500	⅞	...
Unisys	1,032,600	2½	- ⅛
Pan Am	979,300	1⅛	+ ⅛
Ford Motor	956,000	26⅝	- ⅛
AT & T	931,000	30⅛	+ ⅛
USF & G	900,900	7½	+ ⅜

TRADING ACTIVITY

† Volume (Millions)	Dec. 31	Dec. 28	Dec. 27
New York	114.130	111.040	102.900
Amex	15.130	12.276	9.359
NASDAQ	128.874	132.328	102.724
Issues Traded	(u)	2,017	2,001
Rises	1,022	706	586
Falls	571	788	905
Unchanged	(u)	523	510
New Highs	(u)	22	13
New Lows	(u)	52	41

CANADA

TORONTO	Dec. 31	Dec. 28	Dec. 27	Dec. 26	1990 HIGH	1990 LOW
Metals & Minerals	2739.70	2727.00	2742.94	(c)	3453.05 (4/1)	2486.60 (8/11)
Composite	3256.80	3237.46	3233.69	(c)	4009.47 (3/1)	3009.91 (16/10)
MONTREAL Portfolio	1726.13	1712.79	1713.97	(c)	2060.90 (3/1)	1607.24 (16/10)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan. 2	Dec. 31	Dec. 28	Dec. 27	1990-91 HIGH	1990-91 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1285.8	(c)	1279.8	1280.7	1713.7 (12/1/90)	1270.7 (24/12/90)
All Mining (1/1/80)	590.4	(c)	584.0	586.7	860.8 (5/1/90)	578.5 (19/12/90)
AUSTRIA						
Credit Aktien (30/12/84)	424.61	(c)	440.06	443.87	703.29 (19/3/90)	400.98 (25/9/90)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	4913.94	(c)	4963.81	4934.35	6599.43 (12/1/90)	4913.94 (2/1/91)
DENMARK						
Copenhagen SE (3/1/83)	305.06	(c)	314.80	315.00	388.29 (20/7/90)	305.06 (2/1/91)
FINLAND						
Unitas General (1975)	387.9	(c)	395.6	396.6	677.3 (23/1/90)	387.9 (2/1/91)
FRANCE						
CAC General (31/12/82)	408.99	(c)	413.04	415.83	564.62 (30/5/90)	408.99 (2/1/91)
CAC 40 (31/12/87)	1505.10	(c)	1517.93	1528.90	2129.32 (20/4/90)	1485.39 (25/9/90)
GERMANY						
FAZ Aktien (31/12/58)	591.18	(c)	603.86	610.65	832.32 (19/7/90)	569.69 (28/9/90)
Commerzbank (1/12/53)	1668.9	(c)	1701.2	1726.1	2414.0 (3/4/90)	1628.7 (28/9/90)
DAX (30/12/87)	1366.10	(c)	1398.23	1410.87	1968.55 (30/3/90)	1334.89 (28/9/90)
HONG KONG						
Hang Seng Bank (31/7/64)	3031.34	3024.55	3053.73	3066.71	3559.89 (23/7/90)	2738.24 (1/2/90)
IRELAND						
ISEQ Overall (4/1/88)	1181.66	1201.77	1195.47	(c)	1893.10 (22/1/90)	1181.66 (2/1/91)
ITALY						
Banca Com. Ital. (1972)	514.70	516.57	519.42	519.24	763.52 (14/6/90)	500.67 (29/11/90)
JAPAN						
Nikkei (16/5/49)	(c)	(c)	23848.71	23940.70	38712.88 (4/1/90)	20221.86 (1/10/90)
Tokyo SE (Topix) (4/1/68)	(c)	(c)	1733.83	1740.55	2867.70 (4/1/90)	1523.43 (1/10/90)
2nd Section (4/1/68)	(c)	(c)	2711.15	2722.06	4477.16 (16/7/90)	2711.15 (28/12/90)
MALAYSIA						
KLSE Composite (4/4/86)	501.23	505.92	500.88	500.72	632.22 (1/8/90)	459.08 (28/9/90)
NETHERLANDS						
CBS Tot Rtn Gen (End 1983)	229.3	(c)	229.6	231.3	271.9 (20/7/90)	225.6 (8/11/90)
CBS All Shr (End 1983)	168.1	(c)	168.3	169.5	206.3 (3/1/90)	165.6 (8/11/90)
NORWAY						
Oslo SE (Ind) (2/1/83)	674.25	(c)	677.01	661.82	915.13 (2/8/90)	649.23 (21/12/90)
PHILIPPINES						
Manila Comp (2/1/85)	628.89	(c)	651.78	651.65	1160.70 (21/3/90)	514.80 (5/10/90)
SINGAPORE						
SES All-Singapore (2/4/75)	321.20	(c)	323.28	321.60	446.87 (16/7/90)	301.45 (1/10/90)
SOUTH AFRICA						
JSE Gold (28/9/78)	1265.0&	(c)	1201.0	1201.0	2230.0 (16/1/90)	1111.0 (18/12/90)
JSE Industrial (28/9/78)	3007.0&	(c)	3018.0	3003.0	3211.0 (6/2/90)	2640.0 (1/10/90)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	(c)	(c)	(c)	(c)	928.82 (4/1/90)	566.27 (17/9/90)
SPAIN						
Madrid SE (30/12/85)	220.39	(c)	223.25	222.15	309.74 (16/7/90)	209.37 (28/9/90)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	835.60	(c)	870.00	856.0	1329.9 (5/7/90)	815.6 (27/11/90)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	(c)	(c)	628.5	629.9	845.5 (13/7/90)	613.4 (28/9/90)
SBC General (1/4/87)	(c)	(c)	520.1	520.6	698.2 (13/7/90)	510.4 (26/11/90)
TAIWAN**						
Weighted Price (30/6/66)	(c)	(c)	(c)	4530.16	12495.34 (10/2/90)	2560.47 (1/10/90)
THAILAND						
Bangkok SET (30/4/75)	594.95	(c)	612.86	603.81	1143.78 (25/7/90)	544.30 (30/11/90)
WORLD						
M.S. Capital Intl. (1/1/70) ($)	463.2*	461.5	461.8	458.5	571.0 (4/1/90)	423.1 (28/9/90)

**Saturday December 29: Taiwan Weighted Price: (c) Korea Comp Ex. (c)
& Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

3pm prices January 2

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A - A -								
38⅞	9⅛	AAR	.48	4.3	9	567	11½	11	11¼	- ⅜
9¼	7¼	ACM n1.03e		12.		232	9	8⅞	8⅞	
11⅛	8¾	ACMIn	1.26	12.		2276	10⅞	10½	10⅞	
9⅛	6½	ACM M n1.01		13		586	7⅞	7¾	7¾	- ⅛
12⅛	10	ACMMM	1.50	13.		142	12	11⅞	11⅞	- ⅛
11½	8⅝	ACM Sc1.26		13.		1767	10⅛	9⅞	10	
9⅞	7¼	ACMSp	1.01	12.		191	8½	8⅜	8½	+ ⅛
25½	17	AL Lab	.16	.6	21	530	u25⅞	25⅜	25⅜	
4⅛	1	AM Intl				396	1¼	1⅛	1⅛	- ⅛
18⅞	4⅝	AM In pf	2	27.		42	7½	7	7½	+ ½
70¼	39¼	AMR			14	2899	49⅞	48⅛	48½	+ ¼
4	1⅜	ARX				3	1½	1½	1½	
72¼	38¼	ASA	3	6.6		1449	46½	45⅜	45⅜	- 1½
3½	1⅞	ATTC wi				108	2⅜	2⅜	2⅜	+ ⅛
46⅞	37¾	AbtLab s.84		1.9	20	7024	44⅞	43½	43½	- 1½
14	10¼	Abitibi g .50				109	10½	10½	10½	+ ¼
11⅝	4½	AcmeC	.40	8.0	11	140	5¼	4⅞	5	+ ¼
9⅞	5	AcmeE	.32	6.2	9	23	5⅛	5	5⅛	
32⅞	18⅞	Acuson s			21	1016	26⅝	25¾	25⅞	- 1⅛
15⅞	14⅛	AdaEx 1.72e		12.		103	14⅜	14⅜	14⅜	
14⅞	8⅛	Adobe				151	9¼	d 8⅞	8⅞	- ¼
20¼	16	Adob pf 1.84		11.		11	17¼	17	17¼	+ ¼
21⅞	19¼	Adob pf 2.40		12.		1	19⅝	19⅝	19⅝	+ ⅛
11⅞	3⅝	AMD				3481	6¼	4	6	+ ⅛
32⅞	13	AMD pf	3	16.		230	18⅞	18	18⅞	+ ⅞
7⅞	1⅝	Advest	.16	5.6		38	3	2⅞	2⅞	+ ¼
56⅞	29	AetnLf	2.76	7.3	9	2167	39⅛	37¼	37¾	- 1¼
12⅛	6¼	AfilPb	.24	2.9		158	8¼	8	8½	
22½	10⅝	Ahmans	.88	6.7	5	7424	13½	12⅞	13⅛	- ⅜
61	42⅞	AirPrd	1.44	2.6	13	595	55⅛	54⅝	54⅞	
27	13½	AirFrt s	.30	1.7	9	539	18	17	17¾	+ ¾
23⅛	11¼	Airgas			17	203	13⅛	12⅞	13¼	+ ⅜
20¼	11½	Airlease	2.52	22.	6	34	11⅞	d11⅜	11½	- ½
23⅞	21	AlaP pf2.13e		9.9		1	21½	21½	21½	+ ⅛
10⅛	9	AlaP dpf.87		9.2		18	9⅝	9½	9½	- ¼
26	13⅞	AlskAir	.20	1.1	9	416	17⅞	17½	17¾	+ ¼
18⅛	8	Albnyin	.35	3.3	14	92	10¾	10½	10⅝	+ ¼
33¾	19⅛	Alberto s.20		.6	26	87	u30⅞	30	30⅞	
23¼	15⅛	AlCulA s .20		.9	17	38	23	22½	22½	- ⅜
37¾	24⅞	Albtsn s .48		1.4	21	1088	36⅛	35⅜	35⅜	- 1⅛
24½	16⅝	Alcan	1.12	5.7	9	1582	19⅝	19⅜	19½	
37⅞	27⅝	AlcoStd	.88	2.7	13	502	33⅛	32⅞	32⅞	- ¼
31½	16⅛	AlexAlx	1	4.3	19	374	23⅝	23¼	23⅜	+ ¼
67⅞	20¾	Alexdr				50	22¾	22½	22⅝	- ¼
90¼	74½	AllegCp 1.72f		2.0	8	30	84⅝	84½	84½	- ⅜
34¼	18⅛	AlgLud s.88		3.8	9	160	23½	23¼	23¼	- ¼
42⅞	34	AllgPw 3.16		8.6	10	292	37	36⅞	36⅞	

Continued on Page 29

NYSE COMPOSITE PRICES

Continued from previous Page

- X - Y - Z -

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
58⅞	29	Xerox	3	8.2	7	4347	36¼	35¼	36⅞	+ ⅞
47⅛	41¼	Xerox pf				5	43	43	43	−1
32⅞	13	XTRA	.72	4.7		7	15¼	15⅛	15¼	
25	12½	XTRA pf	1.94	13.		24	14⅝	14⅝	14⅝	+ ¼
3⅝	5-16	Zapata				1344	15-16	9-16	15-16	+ 7-16
13⅝	4	ZenithE				275	6¾	6½	6½	− ⅛
18⅞	9⅞	ZenNtl	1	7.4	9	174	13⅞	13½	13½	− ⅛
7½	4⅜	Zenix	.93	19.		144	4⅞	4¾	4⅞	+ ⅛
17⅛	9⅞	Zero	.40	3.6	12	282	11⅜	11¼	11¼	
51⅛	29⅝	Zurn	.88	2.6	15	48	35¼	34½	34½	− ½
12⅝	10⅛	Zweig	1.18e	11.		94	11¼	11⅛	11⅛	
10	7⅞	ZweigTl	.84	9.5		3335	9	8⅝	8⅞	− ¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low e-dividend declared or paid in preceding 12 months g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading nd-next day delivery. P/E price-earnings ratio r-dividend declared or paid in preceding 12 months, plus stock dividend s-stock split. Dividends begin with date of split sls-sales t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution xw-without warrants y-ex-dividend and sales in full. yld-yield z-sales in full.

AMEX COMPOSITE PRICES

3pm prices January 2

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Pittwy A	1.10	8	62	17½	17⅜	17½	+ ⅛
PlyGem	.12	10	18	5⅝	5⅝	5⅝	− ⅛
Presd A	10		10	5⅝	5⅝	5⅝	+ ¼
ProCom			20	5-16	¼	5-16	− ⅛

TRANSFORMATION IN EASTERN EUROPE

The FT proposes to publish this survey on **February 4 1991.**

It will be of particular interest to the 54% of the Chief Executives in Europes leading companies who are regular FT readers. If you want to reach this important audience, call Henry Krzymuski on 071 873 3699 or fax 071 873 3079.

FT SURVEYS

NASDAQ NATIONAL MARKET

3pm prices January 2

- X - Y - Z -

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
XL Dia		5	265	7½	8½	7½	+1
XOMA			3172	20½	19½	19¾	− ⅞
Xilinx			682	13⅞	13¼	13¾	− ½
YanEnS	1.52	13	36	21¼	20½	21¼	+ ⅛
YelowF	.94	30	2078	28¾	28½	28½	
YorkRs		11	450	9¼	8¾	9⅛	+ ¼
Zeos		20	985	18	16½	17	− ½
ZionBc	1.44	8	6	31	30½	31	− ⅝

INTERNATIONAL CONFERENCES & EXHIBITIONS

The FT proposes to publish this survey on **February 6 1991.** the Financial Times is the leading Quality Daily for reaching businessmen involved in discision making about the organization of, and/or participation in conferences or exhibitions. If you want to reach this important audience, call Patricia Surridge 071 873 4611 or fax 071 873 3062.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

AMERICA

Revival of peace hopes and rate cuts lift Dow

Wall Street

THE FIRST trading day of the new year saw equities drift modestly higher yesterday as the stock market took strength from renewed hopes of a peaceful resolution of the Gulf crisis and from a series of cuts in the prime rate from several leading US banks, *writes Karen Zagor in New York*.

At 2 pm, the Dow Jones Industrial Average was up 2.73 at 2,636.39 on slim volume of 81m shares. But the tone of the market was mixed, with advancing issues leading declining ones by eight to seven. The Standard & Poor's 500 was off 0.17 at 330.05. On Monday, the Dow closed up 4.45 at 2,633.66.

Wall Street was encouraged by talk that the White House was considering sending Mr James Baker, US secretary of state, to the Gulf before the January 15 deadline for Iraq's withdrawal from Kuwait. At midsession the February crude oil contract was down $1.24 at $27.20.

Stock prices were also helped by higher bond prices. At midsession, the treasury's benchmark 30-year bond was up ¾ at 106 ⅞, yielding 8.17 per cent.

Rumours that Paramount Communications was trying to sell its film-making unit spurred trading in the stock, which rose $1¼ to $42⅛ although the company denied the reports.

Northrop jumped $1 to $18¾ amid reports that the air force had said that it would go ahead with plans to build the 75 B-2 stealth bombers approved by Mr Richard Cheney, the defence secretary.

Among other defence contractors, General Dynamics gained $⅜ to $25⅝ and McDonnell Douglas dropped $1¾ to $37½. Both companies were expected to submit proposals yesterday seeking relief from costs in developing the A-12 attack aircraft for the navy, which has proved more expensive than expected.

Abbott Laboratories slid $1⅛ to $43⅞ after an analyst at Donaldson Lufkin & Jenrette removed the stock from the recommended list.

Toys R Us gained $⅛ to $23⅝. Sales for the eight-week Christmas season ending December 24 rose 7 per cent from a year earlier although sales in stores open for a year fell 6 per cent during the season.

In the secondary market, the Nasdaq composite was down 0.57 at 373.27 at midsession. MCI was one of the most active issues of the morning, adding $¼ to $20, while Apple Computer slipped $⅛ to $42½.

Canada

TORONTO stocks slipped further in light trade at midday, after a sharp opening loss, as the Gulf crisis and confusion over a new federal tax discouraged trading. The composite index dropped 16.2 to 3,240.6 by midsession. Declines led advances by 139 to 172 on volume of 4.95m shares.

Golds fell after February gold futures on Comex dropped back about $3 to $393.20 an ounce.

Bombardier class B shares slumped C$⅝ to C$14¾ on volume of 34,500 shares after the company said a client in Hong Kong had cancelled an order for 10 of its Canadair regional jets.

Gulf fears cast shadow on first trading day of year

Europe

CONCERN THAT hostilities would soon break out in the Middle East depressed bourses yesterday, *writes Our Markets Staff.* Zurich remained closed.

FRANKFURT fell sharply, the DAX index losing 32.12 or 2.3 per cent to 1,366.10 after a fall of 11.88 to 591.18 in the FAZ at midsession. This took the DAX retreat to 10.3 per cent since December 14, the peak of the last 1990 rally.

Volume stayed low, easing from DM2.5bn to DM2.4bn. Prices firmed a little in the post-bourse, as Wall Street opened higher than expected; but Mr Horst-Kaspar Greven, of Merck Finck in Düsseldorf, taking the day as a whole, said that the market was threatening to break down through a long-term chart uptrend, with 1,350 on the DAX the specific resistance point.

Blue chips led the way down. Mr Greven noted, however, that construction stocks have dropped faster over the past three weeks after a year of relative strength. Phillip Holzmann shed another DM60 to DM993 yesterday, for a three-week fall of 23 per cent.

PARIS recovered from the day's lows as Wall Street opened firmer. The CAC 40 index ended 12.83 lower at 1,505.10, after falling to 1,487.96. Among the losers, Bouygues, the construction company which gained FFr38 on Friday, dropped FFr35 to FFr414.

Air Liquide, which said it might consider selling its remaining 5.1 per cent holding in Société Central d'Investissement after selling 4.9 per cent last week, lost FFr19 to FFr606. SCI rose FFr20 or 0.5 per cent with FFr800m worth of shares exchanged in block trades.

MILAN ended lower and volume remained thin at about L40bn. The Comit index eased 1.89 to 514.70.

Montedison, trading as a merged entity with Ferruzzi Agricola, fell L35 to L1,350. But Enimont was virtually unchanged at L1,580 after L1,579, as ENI's public tender for the outstanding 20 per cent of the shares began.

STOCKHOLM fell 3.8 per cent in cautious trading, with the Affärsvärlden General index down 33.3 at 836.7. Nordbanken rose SKr8 or 17.8 per cent to SKr53, following the nomination late last month of a new chairman.

BRUSSELS fell in thin trading, the cash market index losing 49.81 to 4,913.94. Against the trend, ordinary shares in FN jumped BFr47 to BFr150 on volume of 42,000 shares, as investors covered positions on the last day of the trading account. Acec-Union Minière fell BFr170 to BFr2,460, after acquiring 54.4 per cent of Sibeka, the diamond company.

AMSTERDAM eased in thin trading as investors remained sidelined. Lower bond prices also weighed on shares. The CBS Tendency index, re-based to end-1989, fell 0.6 to 78.8.

MADRID's general index lost 2.79 or 1.24 per cent to 220.46.

VIENNA followed Frankfurt lower, with the bourse index losing 11.86 to 490.40. **ISTANBUL**'s 50-share index shed 140.31 or 4.3 per cent to 3,115.44 as turnover halved, but **ATHENS** rose, its general index gaining 17.21 to 949.21.

SOUTH AFRICA

GOLD SHARES advanced in Johannesburg yesterday, helped by the higher bullion price. The all-gold index rose 64 to 1,265, with Vaal Reefs up R16.50 at R216.50. But the industrial index fell 11 to 3,007 as Barlows eased 25 cents to R37 and Richmon DR lost 5 cents to R21.20.

Asia Pacific

FEAR OF war in the Gulf moved shares both ways in the Pacific Basin yesterday. The Tokyo, Seoul and Taipei markets were still shut.

AUSTRALIA's gold shares index rose 49.1 or 4.3 per cent to 1,184.4 as bullion climbed to US$391.75 an ounce, up from $386 on Friday and $372.20 three weeks ago. The All Ordinaries share price index closed at 1,285.8, up 6.0, but turnover fell from A$210m to A$89m.

News Corp recovered 14 cents to A$5.24. A company official said that lead banks had indicated that they would sign a new loan agreement.

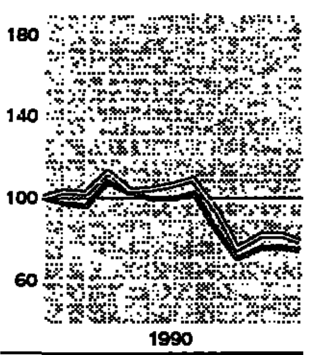
HONG KONG's Hang Seng index rose 6.79 to 3,031.34, but turnover hit another two-year low, HK$241m for the full day against HK$279m in Monday's half-day session.

MANILA's composite index lost 22.89 or 3.5 per cent to 628.89 and the **BANGKOK SET** index dropped 17.91 or 2.9 per cent to 594.95. **BOMBAY** fell in light trading, with the BSE index down 49.03 or 4.7 per cent at 999.26.

Quarterly and annual changes for a number of countries and geographical regions were incorrectly reported in Wednesday's statistical coverage of how world markets performed in 1990, based on the FT-Actuaries World Index. The correct data are produced here. The black line represents the sterling index, the second the index in local currency.

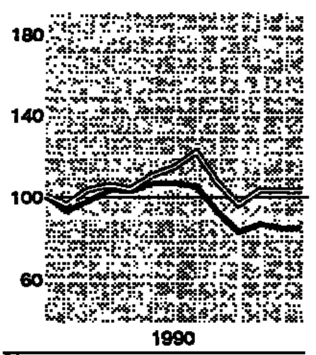
HOW THE WORLD MARKETS PERFORMED IN 1990

Germany



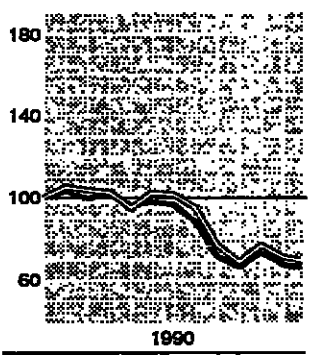
1	2	3	4	Year
11.04	-4.25	-28.64	5.37	-20.1

Hong Kong



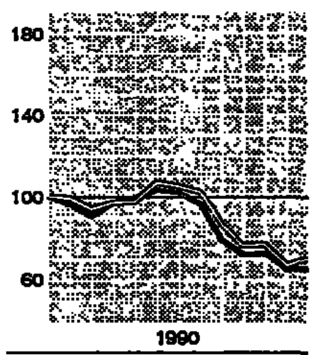
1	2	3	4	Year
5.38	9.62	-17.07	8.49	3.9

Ireland



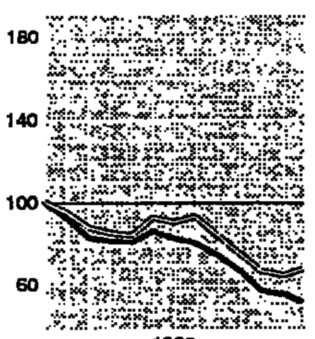
1	2	3	4	Year
1.93	-1.30	-30.65	2.45	-28.5

Italy



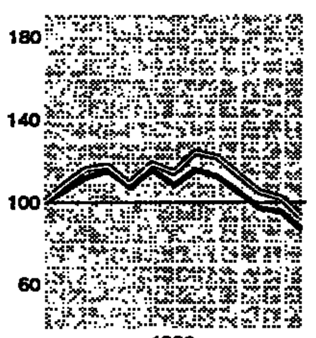
1	2	3	4	Year
-2.60	8.76	-27.83	-7.45	-29.2

New Zealand



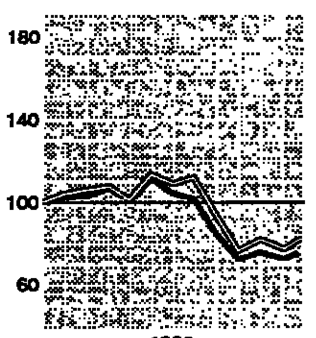
1	2	3	4	Year
-14.00	5.67	-17.42	-18.91	-39.1

Norway



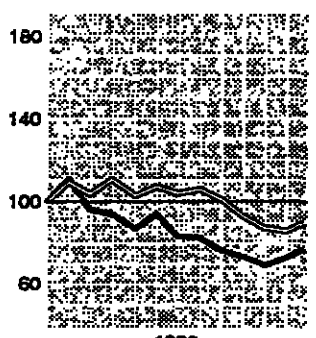
1	2	3	4	Year
17.32	-2.59	-1.91	-18.71	-8.9

Singapore



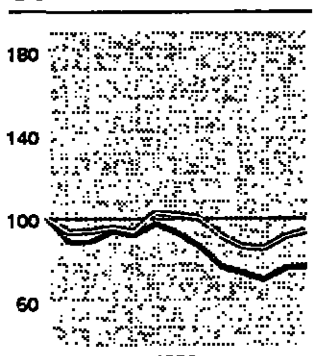
1	2	3	4	Year
8.51	0.91	-29.53	6.58	-17.8

South Africa



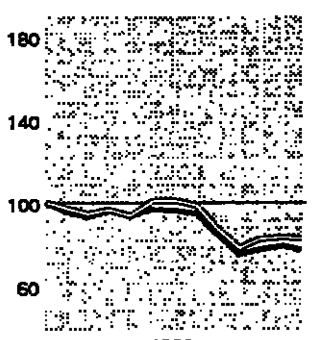
1	2	3	4	Year
10.62	-7.12	-10.18	-2.93	-10.4

US



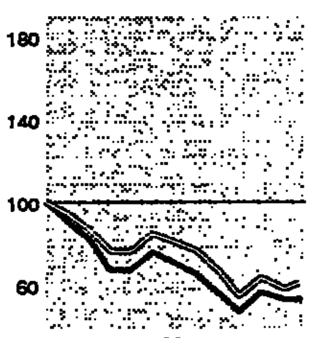
1	2	3	4	Year
-3.94	5.28	-14.74	8.07	-6.8

Europe



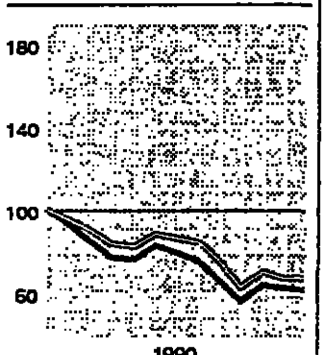
1	2	3	4	Year
-2.70	3.47	-22.43	4.12	-18.7

Pacific Basin



1	2	3	4	Year
-23.62	5.02	-31.83	11.82	-38.9

Euro - Pacific



1	2	3	4	Year
-16.34	4.35	-27.97	8.5	-31.8

Singapore loses out to oil-rich Malaysia

Steps are being taken to attract investors back, writes Joyce Quek

THE STOCK Exchange of Singapore (SES) started off 1990 with a roar but, as in the case of most Asian exchanges, finished with a whimper. It closed on December 28, the last trading day of the year, down 22 per cent since the previous year-end.

Fears of impending global recession, soaring crude oil prices and the threat of war in the Gulf have thrown fundamentals to the winds.

Mr Quek Peck Lim, Morgan Grenfell Asia Securities research head, says: "Singapore has been hit by fears of export competitiveness and rising labour and land costs. Every year, you look at Singapore and it is growing by more than 6 per cent. We see other countries growing faster than us but they do not see the fact that Singapore has liberalised its foreign labour policies.

"The turning point will come," he adds, "when people see that the Singapore dollar is not growing as strongly as before [making it more cost-competitive], when they find that wage costs are growing at a lower rate, and when the potential of Batam in Indonesia [in the growth triangle with Singapore, and Johor in Malaysia] is seen as an actual contributor to our gross domestic product, and Singapore companies come out of their consolidation phase, which will be from 1992 onwards."

Other analysts have been downgrading Singapore shares in favour of the country's energy and commodity-rich neighbours, such as Malaysia. As the Gulf crisis draws nearer to the January 15 deadline, it threatens the traditional rally, up to the Chinese lunar new year next February.

However, all is not lost. A stream of new measures from the Stock Exchange of Singapore should enhance its increasingly vulnerable ambition to be Asean's leading market in trading regional securities. The moves include:

- permitting foreign partners in local brokerages to increase their maximum stakes from 49 per cent to 70 per cent,
- allowing foreign owners, or International Members, full ownership of brokerages,
- encouraging more regional partnerships,
- mooting the listing of Japanese stocks to give an extra 90 minutes of trading after Tokyo closes,
- and upgrading second-board counters to the main board.

Mr Alan Hargreaves of Hoare Govett noted in November: "Contrary to what Singaporeans will tell you, their stock market has performed relatively well this year." Singapore lost 22 per cent in the end, but that compares with Taiwan (−53 per cent), Thailand (−30 per cent) and Indonesia (−41 per cent). In fact, the market performed better on a year-to-date basis than the rest of the Asia Pacific region other than Malaysia (−10 per cent) and Hong Kong (+6.6).

Unlike its experience in the aftermath of Black Monday 1987, says Mr Hargreaves, Singapore is now nowhere near the bottom of the performance pile. This is because it is not expected to suffer unduly from higher crude oil prices. It is literally hedged between two oil exporters, Malaysia and Indonesia, which between them underpinned its bull run during the second oil shock.

A major misconception, says Mr Quek, is that the four NICs (newly industrialising countries: Korea, Taiwan, Hong Kong and Singapore) in this area devote 3 per cent of their GNP to oil imports and most developed OECD countries only 1 per cent. This is a fallacy in Singapore where, although oil imports comprise 2 per cent of the GDP, the country earns 3 per cent from oil refining, he adds.

Mr Quek reckons that with interest rates falling faster than expected, studies over the last 10 years suggest that, within six months of a significant interest rate cut of at least ¼ of a percentage point, markets will climb 7 per cent. There is thus every prospect of a rise by mid-1991.

He recommends investments in shipyards such as Sembawang, food retailers such as Cold Storage, medium technology companies such as Singapore Aerospace, and companies going into leisure, plus selective banking and construction counters. Hoare Govett favours banking, food and beverage and ship repairing concerns.

Mr Charles Chow of J. Ballas says: "The Singapore market has reached a state where, on fundamental valuations, the Straits Times Industrial index could be worth 15 to 20 per cent more than it is. The discount offered by the market represents the extreme discomfort over the Gulf stalemate.

"The market is beginning to view the crisis as a temporary pain rather than a permanent paralysis. The oil market is clearly reflecting this thinking: there is a more than fair chance of an oil glut by end-1991. This provides the basis for us to argue a strategy for selective buying into Singapore stocks."

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY DECEMBER 31 1990								FRIDAY DECEMBER 28 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (75)	118.05	−0.1	90.69	101.22	91.76	101.80	+0.0	7.82	117.94	90.97	100.66	91.82	101.80	158.31	117.52	151.38
Austria (19)	196.64	+0.3	151.06	168.62	152.84	152.97	+0.0	1.79	196.13	151.29	167.44	152.70	152.97	285.63	178.57	182.20
Belgium (60)	132.22	+0.3	101.57	113.37	102.77	100.92	+0.0	5.68	131.80	101.66	112.50	102.61	100.92	160.02	128.67	154.67
Canada (120)	130.03	+0.7	99.89	111.49	101.08	109.27	+0.6	3.65	129.19	99.66	110.28	100.57	108.61	153.51	121.24	152.18
Denmark (33)	232.53	+0.4	178.71	199.48	180.81	182.80	+0.0	1.64	231.73	178.75	197.82	180.41	182.60	277.62	224.71	242.22
Finland (25)	103.14	+0.3	79.23	88.44	80.16	78.46	+0.0	3.89	102.78	79.28	87.75	80.02	78.46	152.29	98.91	133.30
France (122)	131.75	+0.2	101.21	112.97	102.40	105.14	+0.0	3.96	131.50	101.43	112.25	102.37	105.14	168.85	124.98	158.03
Germany (91)	111.90	+0.2	85.96	95.97	86.98	86.98	+0.0	2.61	111.72	86.18	95.38	86.58	86.58	144.63	101.38	123.72
Hong Kong (48)	121.81	−0.9	93.57	104.44	94.68	121.97	−0.9	5.49	122.96	94.85	104.97	95.74	123.13	147.49	112.24	117.13
Ireland (16)	148.46	+0.2	114.05	127.30	115.39	117.69	−0.4	4.40	148.15	114.28	126.48	115.34	118.11	198.57	139.04	181.54
Italy (91)	78.31	−0.6	60.16	67.14	60.86	65.97	−0.7	3.73	78.74	60.74	67.22	61.30	66.42	109.25	75.73	98.43
Japan (453)	124.77	−0.4	95.84	106.98	96.99	106.98	+0.0	0.80	125.32	96.67	106.98	97.58	105.98	197.26	106.59	197.40
Malaysia (34)	212.14	+1.8	162.96	181.89	164.88	220.67	+1.3	3.05	208.47	160.81	177.96	162.30	217.94	250.89	182.96	229.04
Mexico (12)	584.45	+0.2	448.97	501.15	454.26	1886.99	+0.1	0.36	583.08	449.77	497.76	453.95	1885.75	613.96	324.53	325.47
Netherland (41)	133.97	+0.1	102.92	114.88	104.13	103.12	+0.0	5.21	133.77	103.19	114.20	104.15	103.12	149.03	127.56	143.89
New Zealand (15)	43.41	+0.2	33.34	37.22	33.74	39.21	+0.0	8.62	43.31	33.41	36.98	33.72	39.21	75.36	42.62	72.09
Norway (27)	204.27	+0.3	156.92	175.15	158.77	163.03	+0.0	1.30	203.57	157.03	173.79	158.50	163.03	276.79	193.70	199.85
Singapore (25)	159.27	+0.2	122.35	136.57	123.79	127.60	+0.0	3.37	158.90	122.57	135.65	123.71	127.60	209.24	147.24	177.21
South Africa (60)	182.89	−0.2	140.49	156.82	142.15	136.21	+0.0	4.00	183.21	141.33	156.40	142.63	136.21	251.39	151.50	194.33
Spain (41)	140.32	+0.4	107.79	120.32	109.06	101.57	+0.0	5.50	139.73	107.79	119.29	108.79	101.57	182.25	128.54	163.08
Sweden (27)	159.45	+0.4	122.49	136.72	123.93	132.77	+0.0	3.07	158.74	122.45	135.52	123.59	132.77	234.93	153.11	192.05
Switzerland (68)	88.93	+0.2	68.32	76.26	69.13	70.30	+0.0	2.98	88.72	68.44	75.74	69.08	70.30	109.77	85.00	94.07
United Kingdom (297)	165.67	−0.2	127.27	142.04	128.76	127.27	−0.6	5.49	166.06	128.10	141.75	129.27	128.10	176.18	139.87	158.70
USA (533)	133.31	+0.4	102.41	114.31	103.62	133.31	+0.4	3.74	132.76	102.41	113.34	103.37	132.76	148.95	119.06	143.06
Europe (958)	134.53	+0.0	103.34	115.35	104.57	104.37	−0.3	4.46	134.55	103.79	114.67	104.76	104.71	157.65	124.91	142.38
Nordic (112)	167.71	+0.4	128.83	143.80	130.35	130.24	+0.0	2.34	167.03	128.84	142.59	130.04	130.24	223.29	162.50	187.37
Pacific Basin (650)	124.12	−0.4	95.35	106.43	96.47	106.99	+0.0	1.21	124.65	96.15	106.41	97.05	107.01	192.75	107.82	192.99
Euro−Pacific (1608)	128.70	−0.3	98.87	110.35	100.03	106.66	−0.1	2.60	129.02	99.53	110.14	100.45	106.62	174.18	116.03	172.68
North America (653)	133.02	+0.4	102.18	114.07	103.40	131.72	+0.4	3.73	132.45	102.17	113.08	103.14	131.17	148.43	119.26	143.49
Europe Ex. UK (661)	115.51	+0.1	88.73	99.06	89.80	90.98	−0.1	3.67	115.34	88.97	98.48	89.51	91.04	145.62	109.94	131.09
Pacific Ex. Japan (197)	115.83	−0.2	88.98	99.33	90.04	103.58	−0.3	6.47	116.02	89.50	99.06	90.34	103.65	148.72	115.76	134.94
World Ex. US (1800)	129.54	−0.2	99.51	111.08	100.69	107.49	−0.1	2.65	129.82	100.14	110.83	101.08	107.62	173.77	117.12	172.27
World Ex. UK (2036)	126.31	+0.0	97.03	108.31	98.18	114.31	+0.2	2.71	126.26	97.40	107.80	98.31	114.13	162.00	115.37	160.98
World Ex. So. Af. (2273)	129.48	+0.0	99.47	111.04	100.65	115.44	+0.1	3.02	129.48	99.87	110.54	100.81	115.36	161.84	118.04	160.54
World Ex. Japan (1880)	133.71	+0.2	102.71	114.66	103.94	120.12	+0.1	4.11	133.41	102.91	113.90	103.88	120.00	151.59	124.31	143.47
The World Index (2333)	129.83	+0.0	99.71	111.31	100.90	115.59	+0.1	3.03	129.80	100.12	110.81	101.06	115.51	162.05	118.33	160.75

Markets open December 31: Canada, Hong Kong, Ireland, Italy, Malaysia, UK and US. Latest prices were unavailable for this edition.
Constituent changes: Pretabail-Sicommerce (France) will be deleted with effect from 3/1/91. Name change: CGE to Alcatel Alsthom.